Ministry of Agriculture Fisheries and Food and the Intervention Board

DEPARTMENTAL REPORT 1997

THE GOVERNMENT'S EXPENDITURE PLANS 1997–98 TO 1999–2000

3604

This is part of a series of departmental reports (Cm 3602 to 3620), which, accompanied by the document *Public Expenditure: Statistical Analyses* (Cm 3601) present the Government's expenditure plans for 1997-98 to 1999-2000. The complete series is also available as a set at a discounted price.

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THE GOVERNMENT'S

EXPENDITURE PLANS

1997-98 TO 1999-2000

1997

Departmental Report by the

Ministry of Agriculture, Fisheries and Food and the Intervention Board

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March 1997

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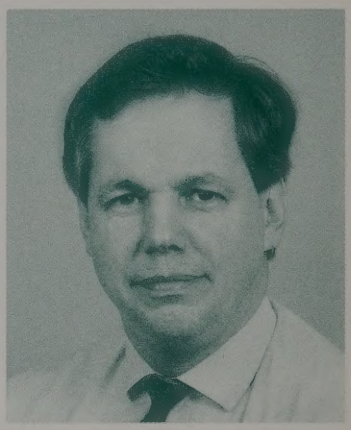
The Ministerial Team as at 1 February 1997



The Minister of Agriculture, Fisheries and Food
The Rt. Hon. Douglas Hogg, QC MP

The Minister has overall responsibility for all issues. He represents the UK in the European Union Agriculture Ministers' Council.

The Minister of State and Deputy Minister
Mr Tony Baldry, MP



The Minister of State oversees policies relating to the fishing industry; agricultural policy and the Common Agricultural Policy (CAP); production and trade in cereals, livestock, milk and eggs, sugar, oils and fats; tropical food; set-aside and extensification; external trade policy and export promotion, relations with overseas countries and international organisations; the Intervention Board (IB); and competition issues.



Parliamentary Secretary (Commons)
Mr Tim Boswell, MP

Mr Boswell, as the Minister primarily concerned with Rural Affairs, oversees countryside matters, including agricultural land use, farm woodlands, diversification, environment and conservation policy, structures, land tenure, agricultural grants; horticulture and potatoes; plant health; plant variety rights and seeds; agricultural resources policy; forestry; regional administration; ADAS; flood defence; Research and Development (R&D); deregulation; economics and statistics; departmental central services and administration; Citizen's Charter; and the Private Finance Initiative (PFI). He is also the nominated 'Green Minister'.

Parliamentary Secretary (Commons)
Mrs Angela Browning, MP



Mrs Browning, as the Minister primarily concerned with Food Issues, oversees policies relating to food safety; food science; animal health, veterinary medicines, meat hygiene; animal welfare; issues relating to the horse industry; pesticide safety; biotechnology; food and drinks industry matters; marketing; small businesses; emergency services and equal opportunities.

House of Lords

The Lord Lucas of Crudwell and Dingwall, Lord in Waiting, is the Department's spokesman in the House of Lords. Lord Lindsay, Parliamentary Under-Secretary of State at the Scottish Office, acts as Government Spokesman for Agriculture in the House of Lords

Foreword by the Minsister of Agriculture, Fisheries and Food

Over the last year British agriculture has been through its greatest crisis since the War. The necessary announcement of a likely link between Bovine Spongiform Encephalopathy (BSE), and the human disease Creutzfeldt-Jakob Disease (CJD) provoked a collapse in consumer confidence in beef, and not just British beef as events on the Continent showed. That collapse, compounded by a wholly unjustified EU world-wide ban on British beef and beef products, jeopardised the future of the British beef industry and the livelihoods of the 600,000 people who work in it. The Government responded vigorously with extensive support for the essential components of the beef industry. Nevertheless it was not feasible to help all affected and I am very conscious that for some this has been the most distressing of years.

I believe the beef industry can now look to the future with a degree of optimism unthinkable in March 1996. But there was nothing inevitable about this change of fortunes. It is a direct result of the hard work of all those involved in the beef industry and of a Government determined to do whatever was required to rebuild confidence.

First Yet further to safeguard public health we have reinforced the rigorous regime of controls and checks operating in our slaughterhouses. We have also prohibited all cattle over thirty months from entering the human food chain. As a result of this 'belt and braces' approach, our beef is the safest and the highest quality in Europe.

Second We have implemented a successful eradication programme for BSE. As a result of the 1988 animal feed ban – which we reinforced last year – the number of BSE cases continues to fall by 40 per cent year on year. There were 7,568 cases last year compared to 34,370 in 1993. According to recent research by Professor Roy Anderson at Oxford University, BSE will have been all but eliminated from the national herd by around the year 2001.

Third Because we have protected public health, tackled BSE, and greatly improved cattle traceability, consumer confidence in British beef continues to grow every day. As a result, the average household consumption of beef has held up well and is now approaching its pre crisis levels.

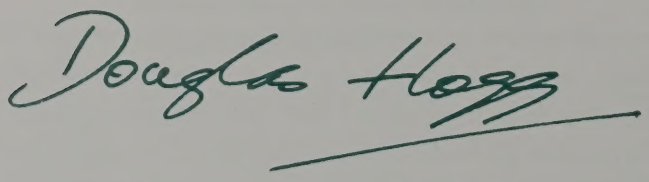
Fourth The British beef industry is now in far better shape than many of the European beef industries, which have also faced a crisis of confidence. That is partly because of the determined efforts of beef farmers and retailers, with our assistance, in rebuilding confidence in their product. But it is also because of the tremendous support which this Government has given to the industry. Overall we have now committed almost £3.5 billion to BSE-related expenditure over a three year period.

These then are the real achievements of the last year. Of course there have been setbacks. Not least amongst these is the continuation of most elements of the beef ban. I believe that ban is totally unjustified and should be substantially lifted immediately.

We have implemented all elements required by the agreement negotiated by the Prime Minister and the Florence Council in June.

As a step towards the further lifting of the ban (following the agreement to lift it in respect of semen, gelatin and tallow on 11 June), and in accordance with the Florence agreement, I have tabled proposals with the European Commission for the lifting of the ban on meat from 'Export Certified' Herds, that is those which have never been associated with BSE. The British Government has honoured its side of the Florence agreement. It is now time for our partners to the agreement to honour theirs.

I believe much of the credit for protecting public health, tackling BSE, rebuilding consumer confidence and keeping the British beef industry afloat during the storm should go to the Ministry of Agriculture, Fisheries and Food (MAFF) and to the Intervention Board. Looking back over this, probably the most difficult year in the department's history, I believe my Ministerial team and our officials have responded superbly to the unprecedented demands of the BSE crisis. And they have done all this without losing sight of their many other areas of work. I take this opportunity personally to thank everyone at MAFF who has worked so hard on beef issues over the last twelve months.



The Rt Hon Douglas Hogg QC MP

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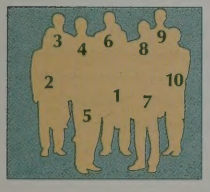
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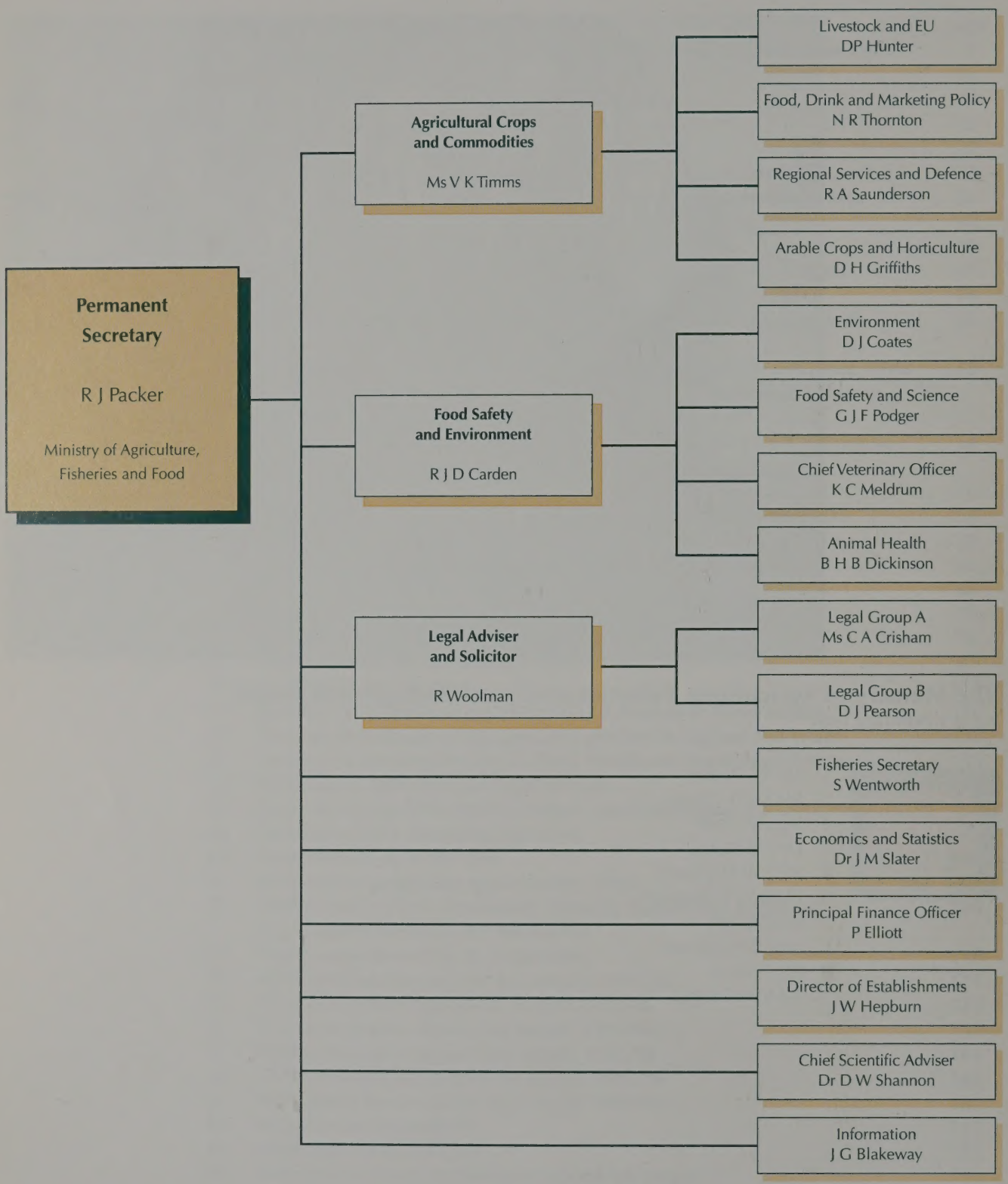
The Ministry of Agriculture, Fisheries and Food Management Board

As at 1 February 1997



1 Mr R J Packer
2 Mr R J D Carden
3 Mr P P Nash
4 Dr J M Slater
5 Mr J W Hepburn
6 Dr D W F Shannon
7 Mr P Elliott
8 Mr J R Woolman
9 Mr A Slade
10 Ms V K Timms

Ministry of Agriculture, Fisheries and Food Organisational Chart, as at 1 February 1997



1.1 This is the seventh report of the Ministry of Agriculture, Fisheries and Food (MAFF) and the Intervention Board (IB). It reports on the year ending March 1997 and presents the Government's expenditure plans for these two Departments over the years 1997-98 to 1999-2000. It also provides a record of expenditure from 1991-92.

1.2 The work of MAFF is very diverse but is predominantly concerned with the farming, food and drink, and fishing industries. The Department is also concerned with issues ranging from public safety and animal welfare to the protection of the rural environment. MAFF is responsible for negotiating, and in large measure implementing, the Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP) of the European Union (EU). MAFF is accountable for approximately £1.0 bn (estimated outturn) of public expenditure in 1996-97 to meet these policy responsibilities. In some instances, MAFF's operational responsibilities are confined to England while the other Agriculture Departments have equivalent responsibilities in Scotland, Wales and Northern Ireland[1]; in others, MAFF has the lead responsibility for Great Britain or the whole of the United Kingdom. MAFF also has lead policy responsibility for most schemes administered by IB.

1.3 IB is a separate Government Department and Executive Agency, answerable to the Minister of Agriculture, Fisheries and Food and to the Secretaries of State for Scotland, Wales and Northern Ireland. It is the recognised UK body for the receipt and administration of the Guarantee section of the European Agricultural Guarantee and Guidance Fund (EAGGF) and is accountable to the European Commission for the expenditure of these funds. IB is the UK Co-ordinating Body responsible for promoting the harmonised application of Community rules within the UK. It is also a paying agency directly responsible for administering certain CAP Schemes and during 1996-97 was directed by Ministers to implement many of the Bovine Spongiform Encephalopathy (BSE) measures. This shifted the balance of expenditure between IB and the Agriculture Departments from 30:70 to 40:60.

1.4 IB is responsible for approximately £4.1 bn (estimated outturn) of public expenditure in 1996-97 and will receive approximately £3.1 bn from EU funds.

Economic Background

1.5 The relative importance of the industries with which MAFF deals is listed below. In 1995 UK trade in food, feed and drink amounted to £9.8 bn of exports and £16.5 bn of imports.

[1] Full details of their expenditure can be found in their own Departmental Reports. The command numbers for these are Cm 3614, Cm 3615 and Cm 3616 respectively. All are published by SO.

Table 1: Output and Economic significance of MAFF/IB Sponsored Industries 1996

Category:	Gross Domestic Product		Employment
	£ billion	%	%
Food and Drink Manufacturing	17.4	2.9	1.7
Food and Drink distribution	15.7	2.6	5.4
Catering	11.5	1.9	4.2
Agriculture	8.9	1.4	2.0
Fisheries	0.6	0.1	0.2 (Est)
Total	**54.3**	**8.9**	**13.4**

MAFF's Aims, Sub-Aims and Programmes

1.6 MAFF categorises the Department's expenditure by Aim and Sub-Aim according to the purpose of the activity. MAFF's Aims and Sub-Aims have not changed since last year.

1.7 Within the Aim/Sub-Aim structure there are 78 individual Programmes. There have been a few changes to the Programme structure since the last Report. PP3:01 Food Stockpile and CE2:21 Biotechnology have been discontinued as noted in the 1996 Report. In the latter case the expenditure transferred to PP1:01 Food Safety. IR1:06 Agencies Support and Citizen's Charter has been divided between IR2:01 Financial Planning and Control and CE3:02 Plant Health following re-allocation of tasks resulting from the Senior Management Review. Two new Programmes are listed in this Report that do not come into being until the start of the 1997-98 financial year. These are EA1:08 Farming, Countryside and Rural Conservation Agency and EA1:09 Centre for Environmental, Fisheries and Aquaculture Sciences. Since these Next Steps Agencies are due to be launched in April 1997 these Programmes have been included more accurately to detail forward expenditure plans.

Bovine Spongiform Encephalopathy (Chapter 2)

1.8 Last year's Report referred to growing concern about BSE. It was published just at the time when Ministers announced that they had been advised of a possible link between BSE in cattle and Creutzfeldt-Jakob Disease in humans. The repercussions of that announcement have dominated the activities of MAFF over the past year, and have meant very extensive reordering of priorities and redeployment of resources.

1.9 A separate Chapter of this Report, immediately following the Introduction, draws together the picture of all that has been done. A full account of each measure is given in other Chapters under the relevant Programme entry; a list of the Programmes mainly affected is given at the end of Chapter 2. Details of expenditure are given in the tables heading each of the affected Programme entries, and in Chapter 8.

To protect the public (Chapter 3)

1.10 The meat industry and Meat Hygiene Service have worked together to ensure the tightest possible compliance with all **BSE**-related rules. Compared with the previous year there has been a sharp improvement, which has been documented in a new monthly 'BSE Enforcement Bulletin' produced for the information of the public.

1.11 Following EU agreement in June to the Government's Eradication Programme for BSE, tough measures have been introduced to minimise the risk of BSE infection being spread in animal feed and to reduce the number of future cases in the cattle herd. Following a review of new scientific evidence, and clearance of the backlog of cattle awaiting slaughter under the Over Thirty Months Scheme, the Government announced that it would proceed with a selective cull of cattle born between July 1989 and June 1993. Tracing and slaughter of these cattle is now underway. The steady decline of BSE since late 1993 is encouraging evidence that action on feed taken in 1988 addressed the main cause of BSE and has been highly effective; and outside analysts now project that BSE will continue in steep decline.

1.12 Work continues on **other animal diseases**, notably scrapie and sheep scab in sheep and TB and brucellosis in cattle. A team of eminent scientists has been asked to look afresh at the vexed question of TB and badgers, and will report in the coming year.

1.13 Efforts have continued to improve **food law.** Several new EU measures have been implemented this year and a number of others, including a long awaited one on novel foods, are expected to be agreed shortly. The aim has been to put the new rules in clear, simple form and to take the opportunity of repealing a large quantity of earlier UK legislation on the same subjects. This has helped to make controls easier to understand and enforce. Efforts are also being made to ensure that food legislation is enforced in a practical manner, proportionate to the problem, and that those against whom enforcement authorities intend to act are given full warning of that intention and full opportunity to state their side of the case. New procedures have been introduced during the year to guarantee this, and MAFF is preparing to issue in 1997 revised (and simpler) codes of practice for the guidance of local enforcement authorities.

1.14 The **advisory committees** of independent experts from outside Government continue to play an essential role in advising Ministers on a wide range of food safety issues – including BSE. The Government has announced its intention of appointing a new overarching Food Safety Council to be chaired by an independent expert who will also act as Food Safety Adviser to the Government. Work continues on improving the availability and public understanding of food surveillance survey results.

1.15 The three **executive agencies** which operate in the food safety area have met nearly all their published targets, despite increased pressure of work. The Meat Hygiene Service has played a central role in raising standards of compliance with BSE-related rules, and has taken

on more than 450 new staff for the purpose. The Pesticide Safety Directorate and Veterinary Medicines Directorate both aim to capture more business under harmonised EU systems now coming into effect.

To protect and enhance the rural and marine environment (Chapter 4)

1.16 It remains an important objective for MAFF to take account of the principles laid down in the UK's **sustainable development strategy** and the need to strike a balance between economic development and environmental protection.

1.17 An essential feature of this area of MAFF's work is cooperation: with DoE; with its Agencies including since April 1996 the Environment Agency; with non-governmental organisations; and with producer interests.

1.18 Consultation between interested parties is of great importance in this area. To improve the exchange of views on policy issues, a new **Agri-Environment Forum** has been introduced, bringing together representatives of all interested organisations under the chairmanship of the Minister for Rural Affairs (Mr Boswell). The Forum met twice in 1996.

1.19 MAFF continues to operate a set of agri-environment schemes to further this general objective, now including the **Countryside Stewardship Scheme** (for which MAFF took over responsibility from the Countryside Commission on 1 April 1996). This scheme now holds a central place in MAFF's efforts to protect and enhance the appearance and biodiversity of the countryside as a whole.

1.20 Financial provision for these schemes was safeguarded despite tight constraints on public expenditure. Although spending limits on certain schemes had have to be drawn more tightly to ensure that scarce funds go where they are certain to be used, the level of provision for later years of the PES period will allow all schemes to remain open to new applicants.

1.21 Reviews of the five **Environmentally Sensitive Areas** (ESAs) launched in 1987, were completed in 1996 and consultation is now taking place on proposed improvements.

1.22 A significant step forwards in protecting the environment was taken with the designation in April 1996 of 68 **Nitrate Vulnerable Areas** in England and Wales. This will be followed up by bringing in specific measures for action in those areas.

1.23 Protecting the **marine environment** involves active participation by MAFF staff in several international organisations. Negotiation on policy is underpinned by a programme of surveillance and research (see Chapter 8). MAFF staff contributed expert advice to the Welsh Office on how to respond to the grounding of the 'Sea Empress' at Milford Haven in February 1996.

1.24 A special conference organised by the European Commission in Cork in November 1996 drew together leading representatives of agricultural and countryside organisations from all parts of the European Union. The declaration emerging from this conference underlined the central importance of agriculture for the health of the countryside and made a strong case for giving weight to a wider range of **rural development** and environmental factors when decisions come to be taken as to the future shape of the Common Agricultural Policy.

To improve the economic performance of the agriculture, fishing and food industries (Chapter 5)

1.25 The **Common Agricultural Policy** remains the economic and regulatory framework within which agriculture policy is developed in the United Kingdom. It is an objective of MAFF to ensure that CAP rules do not place excessive burdens on farmers; but equally that they are administered strictly and fairly in order to avoid fraud and misuse of public funds. MAFF published in October 1996 the results of an efficiency scrutiny which examined the burden of paperwork on farmers, and made recommendations which should ease the regulatory burden as well as saving farmers some £23 million a year on paperwork. An NAO Report on 'Tackling Common Agricultural Policy Irregularities in the Ministry of Agriculture, Fisheries and Food' was published on 19 February 1997.

1.26 In Europe, MAFF has continued to advance the case for policy changes to bring about an economically more rational CAP. In the light of the European Commission's agricultural strategies paper published in late 1995, MAFF is actively pursuing further reform of the CAP as the EU prepares for the next round of international trade negotiations and for the possible enlargement of the EU to the east. EU agricultural policies must operate within the framework of the Union's international trade commitments. These will act increasingly as a constraint as the obligations of the Uruguay Round are felt commodity by commodity. Renewed pressure on the EU budget also makes further changes in policy both desirable and necessary.

1.27 The **BSE** crisis has had serious repercussions upon the UK and EU beef markets, resulting in an immediate fall of 25% in UK consumption in March 1996, though with a gradual recovery thereafter. MAFF has played a full part in helping beef farmers within the framework of the EU beef regime to adjust to rapid market change, and has also supported key parts of the beef supply chain. A total of £90m has been made in additional premium and supplementary payments to beef producers. MAFF has advanced discussions within the EU of ways of adjusting the EU beef regime so as to reflect longer term market realities.

1.28 MAFF plays an important role in sponsoring the food and drink manufacturing and retailing industries, and in liaising with consumers. Following the Government's initiative in the third Competitiveness White Paper, MAFF is working closely with those industries to encourage greater competitiveness and to remove obstacles to growth.

1.29 On **fisheries**, the state of the marine fish stocks of importance to the UK fleet remains a matter of concern. During 1996 it was decided to make a mid-year reduction to herring quotas in response to a deteriorating situation. The Council of Fisheries Ministers also made further reductions in some other fish quotas for 1997.

1.30 In order to reduce the pressure on stocks the UK and other Member States have been reducing the size of their fishing fleet with the assistance of decommissioning grants. Proposals for a further programme of measures to reduce fleet sizes and fishing effort are still under consideration in the Council. Discussions will be carried forward on the integration of fisheries and environmental policies. Arrangements for the introduction of satellite monitoring of fishing vessels have been agreed to apply from mid 1998.

1.31 The Common Fisheries Policy Review Group reported in mid-1996 and the Government has responded to its recommendations.

1.32 A significant part of the UK offshore fleet consists of vessels which are owned and largely operated from other member states. UK fishing communities get little benefit from the quotas taken up by these vessels. The Government has been pursuing a remedy to this situation by means of a proposed Treaty amendment put to the Intergovernmental Conference.

To protect farm animals (Chapter 6)

1.33 MAFF continues to give close attention to **animal welfare** and to work for the EU to give it higher priority. Through the IGC, we are seeking stronger Treaty provisions on animal welfare.

1.34 New EU-wide rules on animal transport will come into force in 1997. During 1996 much effort was put into working out practical ways of applying them in UK circumstances; consultation of those affected was exceptionally thorough. Efforts will turn in 1997 to seeing that all Member States join in making the system genuinely effective for journeys that span two or more countries.

1.35 Following UK pressure agreement was reached in December to phase out the close-confinement veal crate across Europe by 2006.

1.36 At home, MAFF gives high importance to obtaining sound technical and scientific advice. The Farm Animal Welfare Council has kept up its strong contribution to policy making, with new reports on outdoor pigs and farmed fish delivered in 1996, and further reports promised for 1997. The State Veterinary Service continues to monitor compliance and where necessary to take enforcement action; 5100 inspections were undertaken in 1996, of which 105 resulted in further investigations.

To ensure the best use of internal resources in support of the Ministry's business (Chapter 7)

1.37 The Department's **financial systems** are being developed so as to provide managers with improved means of monitoring and controlling resource use. Resource accounting is to be implemented in 1997/98 and will lead on to development of resource budgeting systems. Specialised audit and staff inspection work will continue to underpin the Department's efforts to achieve proper control of, and value for, public money, particularly in the improvement of control systems for the implementation of CAP payment schemes in the United Kingdom.

1.38 MAFF took over responsibility for approximately forty properties from the DoE on 1 April 1996, and will take forward work on capital charging in the coming year. The programme of **property** disposal continues but additional requirements arising from the demands of BSE work has altered accommodation needs in some locations. The new Central Science Laboratory near York was occupied in late summer 1996, and the refurbishment of two Veterinary Investigation Centres completed by the end of 1996.

1.39 Most of the recommendations from MAFF's **Fundamental Expenditure Review** (FER), were implemented during the year. Further work will be taken forward following detailed reviews in some areas.

1.40 The Department's main **capital expenditure** during 1996-97 was on the re-location of the Central Science Laboratories (CSL) to new accommodation near York. In commissioning capital projects the Department considers the most appropriate method of funding. All major projects are evaluated under the Private Finance Initiative (PFI), but the over-riding consideration remains value for money. In a few accommodation projects other forms of funding, such as private developer schemes, have offered better Value for Money (VFM). A Fisheries Research Vessel service, new accommodation projects and several IT projects are currently being taken forward as possible PFI projects.

1.41 In common with all other departments, MAFF submitted an **Efficiency Plan** to the Prime Minister's Adviser on Efficiency in 1996. The Plan reported that savings from efficiency measures in core-MAFF in 1995/96 were expected to be £30.9m.

1.42 In **personnel** management, priority continues to be given to developments flowing from the Command Paper 'Taking Forward Continuity and Change' and the White Paper 'Development and Training for Civil Servants'. The Senior Management Structure Review reduced the number of senior staff significantly. Staff training continues to address the need to cope with increased delegation and responsibilities. Management will monitor workloads carefully.

1.43 Work will be taken forward on several personnel policies including:

- implementing the training strategy for the Senior Civil Service and other staff;
- implementing new pay and grading arrangements for staff below the Senior Civil Service;

- implementing competences for core-MAFF staff below the SCS;
- working towards Investors in People standards;
- reviewing personnel management policies.

Research and Development (R&D) (Chapter 8)

1.44 MAFF has an extensive research programme in support of the Department's Aims. In 1996 a full Research Strategy was published as one document setting out the direction of research in the immediate future as well as longer term plans. MAFF also contributed to the Government's annual Forward Look at Science, Engineering and Technology and to ensuring that the recommendations from Technology Foresight are taken into account in developing research initiatives in the public sector and in industry.

1.45 A number of other Government Departments and Research Councils fund research in areas of interest to MAFF. The Agriculture, Food and Fisheries Funders Group was established with members from such bodies to ensure that the research programmes are complementary and do not duplicate each other or leave gaps. MAFF will continue to develop the fruitful relationships it has established through concordats with the Biotechnology and Biological Sciences Research Council, the Natural Environment Research Council, the Medical Research Council and the Environment Agency and participate in bilateral and broader discussions with other Government departments and research councils.

MAFF's Executive Agencies (Chapter 9)

1.46 MAFF has six executive agencies employing approximately half of its staff. Their Annual Reports provide full details of their activities, although Chapter 9 gives a brief summary. MAFF's agencies are:

- Veterinary Medicines Directorate (an agency since 1990)
- Veterinary Laboratories Agency (since 1990)
- ADAS (1992, owned jointly with Welsh Office)
- Central Science Laboratory (1992)
- Pesticides Safety Directorate (1993)
- Meat Hygiene Service (1995)

1.47 Following the announcement last year of the Government's intention to transfer the majority of ADAS functions to the private sector, progress has also been made on creating a new Agency – the Farming and Rural Conservation Agency (FRCA) – to take on those functions that need to be retained in the public sector. FRCA is expected to be established on 1 April 1997. An exchange of contracts for privatising of the rest of ADAS took place on 20 February 1997.

1.48 In addition, a decision has been announced to give the Directorate of Fisheries Research Agency status as from April 1997. The new agency will operate as the Centre for Environment, Fisheries and Aquaculture Science (CEFAS).

1.49 The Intervention Board, while an agency, is a Department in its own right. As MAFF has the lead policy role in Community negotiations on the CAP, descriptions and costs of all schemes are given in the appropriate MAFF Programme. IB reports separately on its own performance in Chapter 10.

1.50 MAFF will work with its agencies through their Ownership Boards and in the context of each agency's Framework Document to encourage them to pursue continuing improvements in economy and efficiency. These objectives are enshrined in each agency's performance targets.

Output and Performance Indicators (OPIs)

1.51 A full review of OPIs was undertaken in 1995 in response to a recommendation of the FER. The Department continues to work on developing OPIs that meaningfully reflect the effectiveness of its Programmes and the efficiency with which they are delivered. As in the previous Report many are included here both under the relevant Programme entry and at Annex 17 which combines efficiency indicators and performance against Commitment to Service targets. Progress in achieving key tasks is reported under Programmes and new tasks identified for the coming year.

1.52 IB has a range of OPIs which are set out in more detail in Chapter 10.

Structure of the Report

1.53 As in the previous Report the figures in the Departmental Report are reconcilable with those in the Simplified Estimates. Tables reconciling the figures are contained at Annexes 2, 3, 4 and 5. The Estimates have to list separately demand-determined (non-cash limited) expenditure. Programmes with demand determined expenditure are PP1:03, PP1:04, PP2:01, PP2:02, CE1:03, CE1:20, CE1:21, CE1:24, CE2:02, CE2:23 and CE3:01. As in the Departmental Report, MAFF has chosen to place R&D expenditure in a separate section of the Estimates, which helps to maintain transparency between the two publications.

1.54 Programme expenditure (both Scheme Costs and Administrative Costs) is consolidated in the table which precedes each Programme entry (but excluding Scheme expenditure on R&D, which is listed by Programme in Chapter 8). For convenience, the Report shows expenditure on CAP schemes in the UK as a whole, identified by the Department which administers it. This applies whether or not the expenditure is fully funded by the EU. Where it is not, the domestically funded elements are the responsibility of MAFF and the other Agricultural Departments, as the case may be. Receipts are also shown by Programme. Receipts relating to CAP expenditure represent receipts from the EU arising from CAP expenditure in the relevant financial year. Actual cash receipts under the CAP may differ from the amounts shown since they are received two months in arrears.

1.55 The tables at the start of each Programme again break down the MAFF Scheme Costs to identify payments made to claimants of schemes operated by MAFF. Payments to individuals consist of payments to representatives of the farming and fishing industries under the various CAP and agri-environment schemes, grants to businesses related to these industries and payments of compensation to farmers under disease control legislation. The Scheme Costs in Chapters 3-7 also show the payments made from core-MAFF to its agencies. Where appropriate, the agencies' Scheme Costs in Chapter 9 identify payments to other agencies. The receipts line in the agency tables in Chapter 9 identifies separately payments made by core-MAFF and those by other agencies. Expenditure involving payments by MAFF to one of the agencies, for example, appears three times; once as Scheme Costs under expenditure on the sponsoring core-MAFF Programme, once as agency's receipts in the contracting agency Programme and again as a contribution to the agency's Administrative Costs. These lines allow the net cost to Government to be identified.

1.56 MAFF's organisational structure (page viii), does not reflect the Aim/Sub-Aim/Programme Structure in all respects. In some cases several units contribute to one Programme. Where this happens, running costs are usually attributed using the results of work recording. One exception to this covers work by the Chief Scientist's Group, where running costs are allocated on the basis of the apportionment of the accompanying R&D programmes. Central services such as legal and scientific advice, finance and personnel are covered by their own Programmes.

1.57 The 1997-98 Supply Estimates for MAFF and IB, the historic outturn for 1991-92 to 1996-97 and the expenditure plans up to 1999-2000 are summarised in the Cash Plan Table (Annex 1). The Cash Plan Table is itself summarised in Table 2 at the end of this Chapter.

Estimated Outturn Figures

1.58 This Report includes estimates of expected outturn for the financial year 1996-97. The final figures will be published in the appropriation accounts for MAFF and the IB in October 1997.

1.59 The outturn for all domestic expenditure on agriculture, fisheries and food by MAFF is expected to be £945m. This is £203m greater than the cash plan total of £742m shown in the 1996 MAFF/IB Departmental Report. The net provision voted in the main Estimates for 1996-97 was £737m. An extra £207m was voted by Parliament in the Summer Supplementary Estimate to meet the costs of measures relating to BSE. A further £5m was granted in the Winter Supplementary to allow the take-up of an entitlement to end year flexibility on capital. The Spring Supplementary showed a token provision of £1k to allow structural changes to the Vote. The Cash Limit on the Vote will be reduced by £4m following transfers in and out of the Department.

Contingent Liabilities

1.60 There are five contingent liabilities which, if any costs arise, would involve payments from the Vote: National Collections of Industrial and Marine Bacteria, reserved rights of staff

(potential liability: £0.3m); Agricultural Credit Corporation, guarantees (potential liability: £2.88m); indemnities to Ministry staff holding executive directorships (potential liability unquantifiable); National Institute of Agricultural Botany (NIAB) an unquantifiable indemnity, for up to two years; also NIAB, correction of a possible pension anomaly (slightly over £0.1m).

Public Expenditure Survey Outcome

1.61 Following the 1996 PES round additional provision for BSE related measures has been set at £729m in 1997-98, £584m in 1998-99 and £489m in 1999-2000. Planned expenditure on the CAP (excluding BSE) is expected to fall to £2876m in 1997-98, £2873m in 1998-99 and £2883m in 1999-2000. This is mainly attributable to two revaluations of the green pound rate caused by the appreciation of sterling on the foreign exchanges. Provision for MAFF's spending on domestic agriculture (excluding BSE) has been set at £726m in 1997-98, £689m in 1998-99 and £683m in 1999-2000. The baseline for 1997-98 is broadly unchanged from that previously published. An additional £60m will be made available to upland cattle farmers in the UK through the 1997 HLCA scheme in recognition of the substantial fall in incomes of cattle producers in the LFA. Savings have been made by bringing the baselines of the Agri-environment schemes into line with more realistic forecasts of uptake, by reducing the baselines for flood defence and by a reduction in running costs and capital expenditure within the Department.

Conventions used in the Report

1.62 The following conventions and definitions are used throughout the report.

- All receipts are represented as negative figures.
- Countries outside the EU are sometimes referred to in this report as 'Third Countries'.
- The other Agriculture Departments are the Scottish Office Agriculture, Environment and Fisheries Department, the Welsh Office Agriculture Department and the Department of Agriculture for Northern Ireland. Occasionally in this Report the term is used to mean 'paying agencies for CAP Schemes other than MAFF in the United Kingdom'. Paying agencies other than MAFF are:

 Scottish Office Agriculture, Environment and Fisheries Department
 Welsh Office Agriculture Department
 Department of Agriculture for Northern Ireland
 Forestry Commission
 Countryside Council for Wales
 Intervention Board

1.63 Some initiatives and statistical tables are emphasised by placing the text in grey parallel lines. The work carried out on these initiatives may not necessarily relate to work under the Programme where the boxes are placed.

Table 2: Summary Cash Plan Table

Summary cash plans £ million

Vote Section	Expenditure	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Vote 1	**A Intervention Board and EU expenditure**									
	Market support – IB	1,150	1,014	1,043	438	441	1,558	1,129	1,087	1,000
D	*of which* BSE						1,100	616	591	497
B	non-BSE	1,150	1,014	1,045	438	441	458	513	497	503
J	Market support – MAFF[2]	215	365	1,032	1,204	1,516	1,753	1,510	1,516	1,524
H	Clean Beef top-up scheme						4			
F	Beef stock transfer and disposal service schemes						70	4		
G	Selective Cull						20	164		
H	Aid to the Disposal Chain							59		
I	EU grants for school milk and milk products	33	36	31	16	15	13	11	11	11
A	Administration	55	43	45	39	40	64	56	59	58
	Total Intervention Board and EU expenditure	**1,453**	**1,458**	**2,153**	**1,698**	**2,013**	**3,482**	**2,932**	**2,673**	**2,592**
Vote 2	**B Domestic agriculture, fisheries and food**									
A, B, J	To protect the public[1]	125	131	143	132	158	171	191	163	163
C, M	To protect and enhance the rural and marine environment	106	124	133	118	106	123	124	118	125
D, E, K, N O	To improve the economic performance of the agriculture, fishing and food industries[1]	169	189	189	188	192	331	193	175	168
F	To protect farm animals by encouraging high welfare standards	3	4	4	4	5	5	5	5	5
I	R&D[1]	108	116	118	123	129	126	126	125	121
G	To ensure the best use of internal resources in support of the Ministry's business[1]	147	163	195	183	195	199	172	160	158
H	Ministry Executive Agencies[1]	29	-2	-1	-6	17	1	-17	-18	-18
	Credit Approvals	14	12	13	11	17	14	12	15	15
	Total domestic agriculture fisheries and food[1]	**701**	**736**	**795**	**752**	**818**	**971**	**807**	**743**	**737**
	Of which:									
	Central government's own expenditure	827	903	976	893	953	1,105	954	891	885
	Of which:									
	ERDF[3]							2	2	2
	Civil Defence			-4						
	Central government support for local authorities	-125	-166	-181	-141	-135	-134	-148	-148	-148
	Of which:									
	Credit approvals	14	12	13	11	17	14	12	15	15
	C Total Ministry of Agriculture, Fisheries and Food and the Intervention Board	**2,154**	**2,194**	**2,948**	**2,450**	**2,831**	**4,453**	**3,739**	**3,416**	**3,329**

Note: (1) These lines contain MAFF expenditure relating to additional BSE measures from 1996-97 onwards.
(2) This line contains MAFF expenditure relating to additional BSE measures in 1996-97 only.
(3) ERDF lines are now shown in the Department of Environment Class VI Vote 2 Estimate and Departmental Report (Cm 3607): MAFF retains policy responsibility for the expenditure shown here.

2.1 The events of March 1996 triggered a major crisis of confidence in the UK food and farming industries and extensive refocussing of activity for MAFF. BSE had been known for nearly ten years before that, and the subject of preventative action, for nearly eight years. It was first identified in November 1986. Government research into BSE started in April 1987; tentative conclusions as to its causes began to emerge in the winter 1987-88; first measures to protect animal health were taken in June 1988, and the first measures specifically to protect human health in August 1988 and November 1989. Since then the disease has followed a clear course, peaking in 1992-93, and falling away sharply year by year, consistent with the theory that it was spread through animal feed prior to the introduction of preventative measures in 1988. Public concern increased, however, during 1995 as Government, on the basis of information about imperfect observance of BSE controls and new scientific information about transmission of the disease, introduced tighter rules and stepped up enforcement.

2.2 The situation was transformed on 20 March 1996. On that day the Minister of Agriculture, Fisheries and Food and the Secretary of State for Health both made statements to Parliament concerning 10 cases of a new variant of Creutzfeldt-Jakob Disease (CJD) in humans. The independent Spongiform Encephalopathy Advisory Committee (SEAC) had earlier that day advised Ministers that the most likely explanation of these cases was exposure to BSE before specified offals potentially harbouring BSE were banned from the human food chain in November 1989.

2.3 These announcements provoked public alarm in the UK and throughout the European Union. The series of actions taken by the Government and by the European Union, in the immediate aftermath of the announcement and over the following weeks and months, is described here under the following headings:

(i) Public health
(ii) Animal health
(iii) Trade
(iv) Support for industry
(v) Consumer confidence
(vi) Research
(vii) Parliamentary aspects

with some comments on

(viii) Advice and information; and
(ix) Administrative issues.

2.4 In many cases, measures taken primarily for one purpose served other purposes too, and this is noted where appropriate. In total the estimated cost to UK public funds for BSE measures in 1996-97 is £1,370 million. Provision for BSE measures for the three forward PES years has been set at £729m in 1997-98, £584m in 1998-99 and £489m in 1999-2000. Action was taken by MAFF in close day-to-day co-operation with the Department of Health, the territorial Departments, and other Departments and Government agencies with an interest. Some executive action was co-

ordinated at Ministerial level by the Chancellor of the Duchy of Lancaster, in view of the many dimensions of the crisis. The European Commission has been kept closely informed of action taken, formally through fortnightly written reports, and through informal contacts at all levels.

(i) Public health

2.5 Enforcement of the ban on specified bovine material (SBM). A ban on the use of specified bovine offals (later: materials) for human consumption was put in place in 1989. It required the removal of those tissues which might potentially harbour BSE infectivity from all cattle over 6 months old at slaughter and, together with the exclusion of all affected animals from the food chain, has been the essential precaution taken at the outset to protect public health. It was extended on a number of occasions, most recently in March 1996 to include the whole heads of cattle over 6 months old. In September 1996, legislation was introduced to classify heads of sheep and goats of any age as SBM.

2.6 An audit conducted by the State Veterinary Service (SVS) in autumn 1995 indicated lapses in compliance with the rules. The Meat Hygiene Service (MHS) was instructed to intensify its enforcement activities so as to ensure full compliance in slaughterhouses; introduced various measures including an audit of compliance with SBM rules; and was given additional resources for 1996-97 to recruit more inspectors specifically for BSE control work (over 450 full-time equivalent staff have been taken on since March 1996). The SVS carries out unannounced visits to back up and verify the effectiveness of MHS enforcement. Prosecutions have been undertaken in the rare cases where serious infringements were detected. Since April 1996, 99% compliance has been recorded and none of the infringements found has been serious.

2.7 Over Thirty Months Scheme (OTMS). One of SEAC's recommendations was that meat from all cattle aged over 30 months should be deboned under MHS supervision in authorised cutting plants. The establishment of deboning arrangements would have taken a little time. Following publication of the SEAC recommendation, there was strong consumer resistance to buying older beef and several major retailers specifically indicated to meat wholesalers and farmers that they were no longer prepared to accept beef from animals over 30 months of age. Ministers considered that, in the light of the SEAC advice and in the light of a possible risk, however small, of a link between CJD and BSE, it was appropriate to exclude all animals aged over 30 months from all food chains. Carrying through this decision involved large-scale action affecting cattle producers and processors and details are given at paragraphs 2.20-2.25.

2.8 Public concern. The public has understandably been concerned about the possible link between BSE and CJD. This has naturally affected beef consumption. However the risk, if any, is retrospective since measures put in place in 1989 mean that the risk of eating contaminated beef since then has been very small indeed.

(ii) Animal health

2.9 The removal of meat and bonemeal from the food chain. The first measure taken in 1988 to stop the spread of BSE was a ban on the use of ruminant derived protein in ruminant

feed. The ban was subsequently extended. Following the 20 March announcement, immediate action was taken to remove mammalian meat and bonemeal (MBM) completely from the animal food chain in order to eradicate any potential source of the BSE agent and any risk of cross-contamination between feeds for different species. In April 1996 a ban was imposed on use of MBM as fertiliser on agricultural land. The Animal Feed Recall Scheme was introduced in June to recall and destroy all stocks of MBM already on farms and at feedmills or with merchants. Administered by the IB, the scheme involved payment by Government for the removal and destruction of stocks. A total of nearly 11,000 tonnes was collected and stored under IB control, pending destruction. On 1 August 1996 legal penalties were introduced for holding MBM on premises where any animal feed is handled.

2.10 Selective cull of cattle. In June, the EU Standing Veterinary Committee endorsed a BSE eradication plan tabled by the UK, which (see 2.14) included alongside the measures referred to elsewhere in this Chapter a 'selective cull' ie the accelerated slaughter of cattle considered to be most at risk of BSE. This measure is widely regarded in the EU as important both to reduce the incidence of BSE more quickly and to restore consumer confidence in beef. Proposals have been drawn up for the selective slaughter of those cattle born between 1 July 1989 and 30 June 1993 which are considered to be most at risk of having been exposed to BSE infection. An early start was impractical because of the need to clear the backlog of cattle awaiting slaughter under OTMS. In addition, preliminary scientific evidence became available in July suggesting the possibility of maternal transmission, whilst other studies (in August) suggested that selective slaughter might not significantly accelerate the eradication of BSE. In September the Government announced that it was postponing the selective cull while this new evidence was reviewed and discussed within the EU. On 16 December the Minister announced the Government's intention to proceed with a cull on the basis agreed with the EU in June. The tracing and slaughter of cattle targeted under the scheme is now under way.

(iii) Trade

2.11 Export ban. Following the 20 March announcement, consumption of beef in the UK fell by 25%, causing prices to drop to around 80% of previous levels. Public reaction in some other parts of the EU was even sharper, and the impact on prices correspondingly greater. Against this background of public concern and market disturbance, the EU Standing Veterinary Committee (SVC) met on 27 March and decided, on the basis of a Commission proposal, to impose a world-wide ban on the export of all UK beef and bovine products except milk and milk products, with immediate effect.

2.12 The Government took the view that this action was disproportionate in that consumers in other member states could have been protected by other less sweeping measures; and that it constituted unjustifiable interference with trade within the EU's single market. It also seemed likely that the practical impact of the export ban would be to increase rather than to allay public concern. Subsequent events confirmed that assessment. The Government is challenging the legality of the Decision on the export ban in the European Court.

2.13 Alongside this legal action (the outcome of which will not be known for some time), extensive efforts were undertaken to negotiate the removal of the export ban at an emergency meeting of the EU Agriculture Council in April and at the Council's regular meetings in April and May. In these discussions the Government reiterated the results of the UK research programme and detailed the measures (both long-standing and more recent) taken to address public health issues and consumer concerns, but no progress was made towards reversing the SVC decision. Consequently the Prime Minister announced on 21 May that the UK would adopt a policy of non-cooperation in the conduct of EU business until other Member States signalled their readiness to agree a framework for lifting the export ban.

2.14 After preparatory lobbying through bilateral contacts and a tour of European capitals by the Minister, the Foreign Secretary and the Secretary of State for Health, and with EU agreement obtained on the UK's comprehensive BSE eradication plan, the Prime Minister secured agreement at the European Council in Florence in June on a framework for lifting the ban and ended the non-co-operation policy. This agreement determined five pre-conditions on which action was necessary before the Commission and SVC would reconsider the UK case, and defined five steps by which the ban would be removed. The pre-conditions were first, the introduction of an effective animal identification and movement recording system with official registration; second, legislation for removing meat and bone meal from feed mills and farms and subsequent cleansing of the premises and equipment concerned; third, effective implementation of the over thirty months rule including the destruction of the animals; fourth, improved methods for removing specified bovine material from carcases; and fifth, implementation of a selective slaughter programme.

2.15 The UK has complied with these conditions and on 25 February 1997 submitted to the European Commission a proposal for the first stage in lifting the export ban in respect of meat and meat products from animals in export certified herds.

2.16 On 11 June the EU Commission adopted Decision 96/362 which lifted the export ban for bovine semen and for gelatin and tallow produced according to certain standards. Following extensive consultation with the industry, Regulations were made on 19 February 1997 to bring GB tallow production into line with these standards. However, for gelatin doubts about the validity of the scientific evidence on which the EU decision had been based led to a further re-appraisal. As no UK gelatin is currently produced from UK raw material other than for photographic and other technical uses which were never covered by the ban, Regulations came into force on 24 December 1996 to facilitate exports by providing a registration system for gelatin manufacturers, enabling the Government to give assurances on the provenance of material used for gelatin manufacture in GB.

2.17 The World Trade Organisation's Agreement on Sanitary and Phytosanitary (SPS) measures requires notification of any restriction on imports. Two such notifications were made via the European Commission this year in respect of the Beef (Emergency Control) (Amendment) Order 1996 and the Heads of Sheep and Goats Order 1996.

2.18 The WHO, OIE and SEAC have confirmed the safety of milk products; nevertheless a number of third countries have imposed official bans on UK dairy and confectionery products. With the assistance of staff in FCO posts bans have now been lifted in 9 non-EU countries, and avoided in a number of others. Lobbying continues in the 11 countries still imposing bans.

(iv) Support for industry

2.19 The UK market for beef suffered a double shock, with demand from UK consumers falling initially by 25% and the complete loss of export trade which had accounted for some 30% of UK production. Throughout April and May home consumption of beef remained at 75% of pre-crisis levels, whilst retail sales of mince fell by over 40%. Some improvement in consumer confidence was seen over the summer months and by November consumption recovered to 85% of pre-March levels.

2.20 Government took several initiatives to restore order to the beef market, to help farmers adjust to the sharply different market situation, and to support beef producers' incomes.

2.21 The Over Thirty Months Scheme (OTMS) was the most extensive measure to be introduced, the origin of which was described above (2.7). An EU Regulation came into effect on 29 April enabling the purchase for slaughter and destruction of cattle over 30 months of age that had been in the UK for at least 3 months (increased to 6 months in November 1996). The OTMS was introduced for this purpose and came into operation on 3 May. It is operated by IB and is based on a system of approved abattoirs and collection centres. In November a temporary registration system was introduced to identify animals awaiting slaughter on farm and to prioritise throughput which had been increased to over 55,000 animals per week by this stage. The total of animals slaughtered reached 1.27 million in February 1997. As an interim measure lasting six months, additional payments were made available under the OTMS for steers and heifers that had to be sold into the scheme. This enabled producers who normally marketed their animals at ages greater than 30 months to adjust their production systems to meet the new market requirements. This supplement ended on 2 November.

2.22 The Calf Processing Aid Scheme (CPAS) was introduced on 22 April to take male dairy calves for immediate slaughter. Many such animals had previously been exported and their retention would have further distorted the domestic beef market. This scheme is administered by the IB and operated through registered abattoirs. In December the scheme was extended to beef breeds.

2.23 Additional Premium Scheme Payments. Producers claiming under the Suckler Cow Premium Scheme (SCPS) and Beef Special Premium Scheme (BSPS) were paid supplementary payments on their 1995 claims in the early autumn. The Advance payments on 1996 claims were increased from 60% to 80% of the total payment due. Additional payments were introduced for claims involving stocking rates below 1.0 Livestock Unit per hectare to

encourage extensive production. A Beef Marketing Payment Scheme (BMPS) was introduced for animals marketed between 20 March and 30 June 1996 in recognition of the depressed market prices resulting from the slump in consumption. This Scheme was later extended to animals marketed between 1 July and 30 September. The Autumn Review of Hill Livestock Compensatory Allowances (HLCAs) recognised the fall in incomes affecting beef farms and consequently payments for cattle were increased by some £60 million for 1997. These schemes are administered by the Regional Service Centres.

2.24 Aid to the slaughtering and rendering industries. The collapse of the beef market in late March combined with the loss of markets for mammalian meat and bone meal (MBM), and the virtual loss of markets for gelatin and tallow produced from UK raw materials had serious repercussions for the financial viability of the slaughtering and rendering industries. This further endangered the stability of the beef market and temporary schemes of financial support were therefore introduced for both essential links in the supply chain. The Slaughtering Industry (Emergency Aid) Scheme consisted of two elements: payments to slaughterers based on throughput, and purchase of unsaleable beef stocks. These were administered by the MHS and IB respectively. The Rendering Industry Support Scheme maintained renderers' income levels for tallow and MBM. Further support is available to the disposal chain in 1997-98 as slaughterers and renderers adjust to the changed value of animal by-products.

2.25 Support to other sectors. The Government did not consider that assistance to other sectors equivalent to that given to the slaughtering and rendering industries was necessary in order to keep the beef market in operation. However in the interests of public health and market confidence the Beef and Beef Products (Storage and Disposal Services) Scheme was introduced to dispose of unsaleable stocks of beef products outside the slaughtering sector at public expense. The scheme was operated by the IB.

2.26 EU funding. Payments to producers under the CPAS are wholly EU-funded, those under the OTMS partly EU-funded. The costs of slaughtering and destruction of carcases under the OTMS are met entirely by the UK. In addition the EU has funded support through intervention buying of beef, as well as supplements to, and increases in the advances of, EU premium payments to beef producers. Two separate packages of aid to beef farmers were agreed by the Agriculture Council, in June and October. Approval was secured for the relaxation of Arable Area Payments Scheme set-aside rules to allow grazing by animals awaiting slaughter under the OTMS and also for the aid to the slaughtering and rendering industries to be paid as state aids.

(v) Rebuilding consumer confidence

2.27 Government recognises that restoring consumer confidence in beef and beef products after the crisis of 1996 will take time, and requires evidence that all the measures needed to protect public health have been taken and are being effectively enforced. A new monthly bulletin was introduced in July specifically to convey information to the public about the enforcement of all BSE-related measures.

2.28 Quality Assurance and Promotion. With a view to reassuring consumers of the safety of British beef, as well as to avoid the unnecessary destruction of beef from slow maturing breeds, the Beef Assurance Scheme was introduced in August to assist those specialist beef breeds traditionally reared on grass that mature more slowly and therefore are normally slaughtered at ages above 30 months. By 7 February 1997 a total of 36 herds had been registered under the scheme.

2.29 Customer reassurance is primarily a matter for the industry itself. The Meat and Livestock Commission have been active (eg in promoting a quality mark for offal-free mince and burgers). A 'Festival of British Beef' was held in October to promote confidence within the catering industry in British Beef Products and a conference on the future of the UK beef industry is to be held in March 1997, arranged jointly by the food and farming industries.

2.30 Improvements in Cattle Traceability. For many years animal health regulations have required farmers to maintain full records of the movement of stock onto and away from their holdings. These records have been used in the tracing of contacts when protecting public and animal health – for example during Foot and Mouth outbreaks or when controlling and eradicating TB and brucellosis. However in response to EU pressure for more immediately accessible information about individual cattle, which was reflected as a specific condition in the Florence agreement, a Cattle Passport Scheme was introduced in Great Britain on 1 July 1996 for all animals born or imported after that date and is administered by the Regional Service Centres in England. A computerised system has been operating in Northern Ireland for some years and a system is being developed for operation in Great Britain.

(vi) Research

2.31 On 12 June 1996, Ministers announced that an additional £4 million would be made available for BSE-related research during 1996-97 taking the budget to £10.4 million. An additional £4 million has also been agreed for each of the next three years of the BSE programme. New expenditure is being directed into a number of major new projects investigating epidemiological issues and cross species work and providing tissues for evaluation of diagnostic tests. Results became available from a number of long-standing studies including an investigation into maternal transmission. Policy decisions will be informed by these, and non-MAFF, research projects. See also Chapter 8.

(vii) Parliamentary aspects

2.32 A number of Ministerial announcements were made in the House following the advice received from SEAC in March on the identification of a new variant of Creutzfeldt-Jakob Disease and the possible link with exposure to BSE prior to the ban on specified bovine offals entering the human food chain. Over the ensuing months the Minister of Agriculture made fourteen statements on the Government's response to the developing BSE situation, announcing various measures to restore consumer confidence in British beef and a number of aid schemes

to assist the industry. Twelve other debates took place in the House to discuss the BSE crisis in the period up to 17 February 1997. The subjects covered ranged from the BSE crisis in general to the imposition of the EU export ban, the Cattle Head Deboning Industry, BSE in Northern Ireland and the Selective Cull.

2.33 The Agriculture and Health Select Committees met concurrently in March, April and May to take evidence on BSE and CJD. A full transcript of the evidence taken by the Committees has been published. (See Bibliography).

2.34 In July 1996, the European Parliament set up a Temporary Committee of Inquiry into BSE to 'investigate alleged contraventions or maladministration in the implementation of Community law in relation to BSE'. Evidence was given to the Committee by MAFF officials; documentary evidence was also supplied. A delegation from the Committee came to the UK in December, visiting an abbatoir, a cattle market, a rendering plant and a farm, and meeting representatives from consumer organisations and officials from MAFF and the Department of Health. The delegation also met the Chanceller of the Duchy of Lancaster, the Chairman of the Agriculture Select Committee, and visited the Central Veterinary Laboratory. The Committee reported in February 1997. The Government considered the Report as very disappointing, coming to a number of conclusions based on insufficient evidence and overlooking a number of other salient factors.

(viii) Advice and Information

2.35 The uncertainties caused by the March announcement generated an enormous demand for information. MAFF introduced a special BSE Helpline which logged over 7,000 calls from the public and members of the agriculture industries in the seven weeks it operated. A further 20,000 enquiries were logged via the Internet in a single week in March 1996. In addition to the announcements and debates in Parliament, ministers and officials at Headquarters answered numerous Parliamentary Questions and letters from Members of Parliament in the period to 31 January 1997. Officials at Headquarters dealt with large volumes of correspondence from the public whilst Regional Service Centres dealt with many local enquiries from farmers throughout the year. MAFF produced a fortnightly Newsletter for farmers and the public updating news and developments.

2.36 MAFF provided specialist advice to the Inland Revenue, Health and Safety Executive, commercial banks, Training and Enterprise Councils and others on the impact of the crisis on their clients.

(ix) Administrative issues

2.37 The impact of the crisis has been felt throughout MAFF and IB. The overnight increase in workloads resulted in re-deployment of existing staff, often at short notice, and recruitment of additional staff, thus affecting many areas not directly involved in work on BSE. Overtime and weekend working have been widespread. Previously surplus accommodation due for disposal had to be retained and further accommodation acquired to house additional staff at some locations.

2.38 Specialist support services have been heavily involved in the framing of legislation, design of support schemes and payment systems, and the establishment of effective controls on the associated expenditure. Additional running costs, including inspection and enforcement work, amounted to nearly £70 million for the UK Agriculture Departments in 1996-97.

Further information

2.39 Fuller details of the various measures taken can be found in the remaining chapters of this Report, including the details of new or additional scheme expenditure incurred. The Programmes affected are:

PP1:03	Meat Hygiene
PP1:04	Bovine Spongiform Encephalopathy
PP1:05	Veterinary Medicines
PP3:03	Emergencies
RE1:01	Hill Livestock Compensatory Allowances
RE3:01	Environmentally Sensitive Areas
CE1:01	Central Planning on CAP
CE1:03	Arable Area Payments
CE1:20	Beef
CE1:21	Sheep
CE1:22	Pigmeat (including sponsorship of the MLC)
CE1:24	Milk and Milk Products
CE2:10	Trade Policy and Tropical Foods
CE2:11	Improved Marketing
CE2:23	Agricultural Training, Labour and Finance
CE2:40	Rural Economy
CE2:43	Science Policy
CE3:01	Prevention and Control of Animal Diseases
IR1:01	Audit
IR1:02	Press and Information
IR1:03	Legal
IR1:04	Information Technology Services
IR2:01	Financial Planning and Control
IR2:03	Management of Accommodation & Property Resources
IR2:04	Ministers and Top Management
IR3:01	Management of Human Resources
EA1:03	VLA
EA1:05	Veterinary Medicines Directorate
EA1:06	Meat Hygiene Service
Chapter 8	R&D
Chapter 10	Intervention Board
Annex II	Long Term Capital Projects

By promoting food safety

Food Safety

Programme Code: PP1:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	2,394	2,394	2,049	2,049	2,049
of which payments to agencies	1,420	1,346	1,283	1,283	1,283
EU Receipts	0	0	0	0	0
MAFF Administration Costs	3,517	3,432	3,154	3,152	3,152

3.1 The objective of this Programme is that food sold in the UK should be safe for consumption. MAFF has in place a system for identifying food safety risks, which comprises surveys of food, investigations and research. In-house and independent experts provide systematic assessments of risk and action is taken on the best advice available.

Food Surveys

3.2 MAFF conducts a number of surveys for natural toxins and contaminants in food in the UK. Approximately 20 food surveys have been undertaken annually in recent years. No serious risks have been found but about one third have required some immediate action. Improvements to the present means of disseminating the results are currently being considered.

Independent Advisory Committees

3.3 MAFF relies heavily on expert independent Advisory Committees. MAFF has joint responsibility for some of these with the Department of Health (DH); on others, MAFF takes lead responsibility. More details are set out in Annex 15. In January 1997 the Government announced its intention of appointing a new overarching Food Safety Council, to be chaired by an independent expert on food safety matters who will also be the Government's Food Safety Adviser.

The Single Market Programme

3.4 EU Directives amending existing controls on artificial sweeteners and introducing new ones on flavourings were adopted in 1996. A further Directive amending the controls on miscellaneous additives and proposed EU measures on novel foods are expected to be adopted

in 1997. Following UK insistence on a new scientific assessment and confirmation that the risk was not as serious as commonly supposed, the EU Commission has revised its proposals to set limits on nitrate in lettuce and spinach so that these should not now cause difficulty to UK growers. Some progress has been made in negotiations on other chemical contaminants, including mycotoxins and heavy metals. In 1997-98 MAFF will press for a sensible outcome to EU negotiations on contaminants. The EU Commission has started work on the consolidation and simplification of product specific food hygiene legislation and a proposal is awaited. MAFF will take the lead in co-ordinating the UK input to this exercise.

Local Authorities

3.5 Under the Food Safety Act 1990, local authorities inspect food businesses to check compliance with food law and to follow up complaints. They can serve improvement notices requiring businesses to remedy defects in hygiene within a stated period, or close businesses forthwith, if necessary, to avoid an imminent risk to public health. MAFF and DH (and their equivalents in Scotland, Wales and Northern Ireland) monitor local authority returns on inspections, with the latter leading on food hygiene inspections and microbiological contaminations. MAFF leads on food standards inspections, chemical contamination, composition and labelling. Inspection routines are designed to concentrate effort on the areas of greatest risk. Table 3 below summarises enforcement activity, under this Programme and PP1:08. The Microbiological aspects of this Programme will be combined with Programmes PP1:02 Milk Hygiene and PP1:03 Meat Hygiene to form a fully integrated Food Hygiene Programme in future years.

Table 3: UK food safety and hygiene inspections

Year	1991	1992	1993	1994	1995
No. of UK visits/inspections*	915,000	894,000	869,000	859,000	829,000
Proportion of visits/inspections not requiring a follow-up visit	82%	83%	81%	80%	80%

*Inspection under both a planned programme and in response to complaints; establishments can be visited more than once a year.

Milk Hygiene

Programme Code: PP1:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,304	1,304	2,143	2,066	2,040
of which payments to agencies	1,304	1,304	1,761	1,742	1,742
Non EU Receipts	–	–	-322	-294	-268
MAFF Administration Costs	130	121	4,803	4,805	4,805
Receipts	-1,299	-1,286	-1,450	-1,450	-1,450
Net Administration	-1,169	-1,165	3,353	3,355	3,355

Note: From 1997-98 expenditure on all activities previously covered by this Programme and PP1:03 will be contained within a merged Programme PP1:02, re-titled Food Hygiene.

3.6 The objective of this Programme is to protect public health by ensuring that domestically produced milk meets statutory hygiene standards.

3.7 Dairy farms are periodically inspected by ADAS on behalf of Agriculture Ministers in England and Wales to ensure compliance with the Dairy Products (Hygiene) Regulations 1995, as amended, which set the standards of hygiene under which milk from cows, sheep, goats and buffaloes is produced for human consumption. All milk production holdings in England and Wales must be registered and are subject to inspection. In addition, untreated cows' milk for sale direct to consumers is subject to regular microbiological testing.

3.8 Hygiene inspection visits take place, on average, once every 2-2½ years although producers with particularly high standards of hygiene are only visited every 3-3½ years. Samples of untreated cows milk are normally taken twice annually. Producers who fail to meet the statutory hygiene standards can ultimately be issued with a final notice cancelling their farm registration to produce milk for human consumption. MAFF seeks to recover the costs of the inspection and sampling programme by levying charges on producers. There are currently exemptions from charging for pre-registration visits to dairy farmers and for sampling visits to small producers in remote rural areas and farmhouse caterers. Charges for hygiene (but not sampling) inspections of farms producing milk from sheep, goats and buffaloes will be introduced as soon as possible.

Table 4: The Milk Hygiene Programme in England and Wales

Year	1994-95	1995-96**	1996-97*
Number of registered producers	28,093	27,092	26,700
Number of untreated milk producers	830	712	670
Number of inspection/sampling visits:			
Chargeable	15,700	14,370	15,665
Non-chargeable	813	884	830
% of registered producers receiving routine inspections***	44%	40%	42%
Results:			
Number of final notices	55	29	60
Proportion of establishments served with final notices	0.2%	0.1%	0.2%
Cost recovery	89%****	93%	94%

* Estimate
** From 1995-96 pre-registration visits to goats, sheep and buffaloes milk producers are included
*** Excludes follow-up visits, non-chargeable visits and sampling visits
**** Late payments by farmers under new procedures decreased the recovery rate temporarily

3.9 The Dairy Products (Hygiene) Regulations were amended on 22 July 1996 in order to implement certain EU Decisions and make other minor changes. These amendments do not affect the way inspections are carried out.

3.10 The key task for 1997 is to review the Government's policy on sales of untreated cow's milk in England, Wales and Northern Ireland (such sales are already banned in Scotland). The review is in response to a recommendation by the Advisory Committee on the Microbiological Safety of Food and will take place when the results of a DH study of the microbiological quality of raw milk are available. This Programme will be combined with Programme PP1:03 Meat Hygiene and the Microbiological aspects of PP1:01 Food Safety to form a fully integrated Food Hygiene Programme in future years.

Meat Hygiene

Programme Code: PP1:03

£'000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,327	1,313	–	–	–
of which payments to agencies	280	266	–	–	–
Non EU Receipts	-487	-487	–	–	–
MAFF Administration Costs	4,463	3,228	–	–	–
Receipts	-101	-148	–	–	–
Net Administration	4,362	3,080	–	–	–

Note: expenditure under this Programme relates to policy, licensing and export certification activities. Meat Hygiene inspections are covered under Programme EA1:06. From 1997-98 expenditure on all activities previously covered by this Programme and PP1:02 will be contained within a merged Programme PP1:02, re-titled Food Hygiene.

3.11 The objectives of this Programme are:

- to ensure that meat for human consumption is hygienically produced and wholesome and commands the confidence of consumers,
- to ensure that EU legislation and its implementation take account of UK interests, and
- to ensure that statutory requirements are effectively enforced.

3.12 EU legislation provides the framework for hygiene requirements for meat. In Great Britain, Agriculture Ministers, advised by the State Veterinary Service (SVS), license premises. The Meat Hygiene Service (MHS), an Executive Agency of MAFF, is responsible for enforcing hygiene, inspection and welfare requirements in licensed premises. The MHS recovers its enforcement costs from industry. Further information on the MHS can be found under the Programme entry for EA 1:06. This Programme (PP1:03) will be combined with Programme PP1:02 Milk Hygiene and the Microbiological aspects of PP1:01 Food Safety to form a fully integrated Food Hygiene Programme in future years.

3.13 Scheme costs relate to advice and consultancy from the Veterinary Laboratories Agency (VLA), ADAS and certain non-chargeable costs of the MHS. It also includes the costs of the Meat Hygiene Appeals Tribunal which considers appeals against Ministers' decisions to refuse or revoke premises' licenses and payments to Local Veterinary Inspectors for inspection and certification of meat for export to third countries. Certification costs are recovered from exporters.

3.14 Scheme costs for 1996-97 were lower than planned because setting up of a proposed survey on trichinellosis was delayed pending decisions in Brussels.

Licensing of fresh meat premises

3.15 Licensing activity is summarised in Table 5. Redmeat premises which had a temporary derogation for structural work had to comply by the end of 1995, unless they had been granted an extension. White meat premises not meeting the requirements had to comply with a structural workplan by 1 August 1996. The review of temporary derogations and workplans was delayed by the effects of BSE work, but in the autumn of 1996 a special team was established to handle the remaining cases. As at 31 December 1996 there were 99 outstanding cases, including 10 operating under the appeal process following revokation of licenses, and two where extensions of time had not expired.

Table 5. Licensing of fresh meat premises

Premises	Licensed at the end 1995	Licenses granted during 1996	Licenses revoked	Licensed at the end 1996
Red meat*	1058	30	71**	1017
of which temporary derogations	351	–	–	93
White meat	217	19	9	227
of which subject to workplan	48	–	–	26
Wild game	16	2	–	18

*Includes premises also licensed for white meat
**In addition, 2 premises were refused licenses

Meat Hygiene Appeals Tribunal

3.16 The Tribunal had considered three appeals by the end of 1996. The Minister's conclusion was confirmed in one case, another was withdrawn because the plant qualified for a license in the meantime and the third is to be re-heard. Two other appeals were withdrawn prior to being heard and a sixth is outstanding.

Legislation

3.17 The Fresh Meat Regulations were amended with effect from 1 January 1996 so as to give low throughput slaughterhouses more flexibility and permit extensions to the December 1995 deadline for completing structural changes. The Directive governing meat inspection charges was amended in June, introducing standard charges for the inspection of game as from 1 July 1997. A Deregulation Order repealed outdated provisions in the Slaughterhouses Act 1974 and Slaughter of Animals (Scotland) Act 1980 and provided that the Government should take account of compliance with welfare requirements when issuing or revoking slaughterhouse licenses.

Review of meat inspection systems

3.18 Little progress was made in Brussels on the review of red meat inspection protocols. A key task for 1997-98 will be to negotiate a reappraisal of meat inspection systems, based on up-to-date risk assessment.

Bovine Spongiform Encephalopathy

Programme Code: PP1:04

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		12,281	38,181	63,446	33,396	33,278
of which	additional SBM enforcement measures	–	15,590	25,269	25,504	25,386
	payments for VLA specialist services	–	–	2,336	2,336	2,336
	MBM Feed Recall		265	–	–	–
	Cattle Traceability	–	–	25,000	–	–
	Selective Cull (Valuations)		1,000	2,700	–	–
	payments to agencies	2,435	38,435	30,092	30,335	30,217
	payments to individuals	9,641	9,641	3,907	2,138	2,138
IB Scheme costs		–	25,313	164,430	–	–
of which	MBM Recall	–	5,313	500	–	–
	Selective Cull	–	20,000	163,930	–	–
EU Receipts		–	-11,200	-91,350	–	–
MAFF Administration Costs		3,699	14,362	15,667	15,665	15,665
Receipts		–	-623	-305	-305	-305
Net Administration		–	13,739	15,362	15,360	15,360

3.19 Following the joint Ministerial announcement on a possible link between BSE and Creutzfeldt-Jakob Disease (CJD) on 20 March 1996, BSE became the main focus of the Department's activity in 1996/7 and many of the activities were encompassed in this Programme. See also Chapter 2 for an overview and summary of other Programmes affected and Chapter 8 for R&D details.

3.20 The objectives of the Programme are:

- to control and if possible eradicate BSE and
- to ensure that material which may harbour the BSE agent is removed from the food chain and destroyed.

3.21 At the beginning of the financial year MAFF pursued these objectives by the following established measures:

- banning the use for any purpose of those bovine offals most likely to harbour BSE infectivity;
- compulsory slaughter with compensation for all cattle suspected of having BSE;
- maintaining the ban on feeding mammalian BM to ruminant animals to prevent further transmission of the BSE agent via feed;
- extensive research to learn more about the disease and measures to control it and protect public and animal health.

3.22 Following the announcement on 20 March 1996 these were strengthened by a series of additional measures. The developments in policy have depended heavily on independent expert advice from the Spongiform Encephalopathy Advisory Committee (SEAC). In March 1996 the Committee concluded that in the absence of other explanations the most likely explanation was the exposure to BSE before the introduction of the Specified Bovine Offal (SBO) ban in 1989. In the light of this, the Committee advised that:

- carcases from cattle aged over 30 months should be deboned in licensed plants supervised by the MHS;
- the nervous and lymphatic tissues removed during deboning should be treated as specified bovine material (SBM);
- the vertebral column (excluding the tail vertebrae) of cattle aged over 30 months should be treated as SBM, as should the whole head of animals aged over 6 months, except for the tongue (provided it was removed without contamination);
- the use of mammalian meat and bone meal should be prohibited in feed for all farmed animals, including fish and horses, and in fertiliser likely to be used on land to which ruminants had access.

3.23 The Government introduced regulations giving effect to this advice. In the case of meat from animals aged 30 months at slaughter, regulations went further than SEAC's advice by prohibiting the sale for human consumption of meat from any bovine animal more than 30 months old at slaughter. The additional measures were:

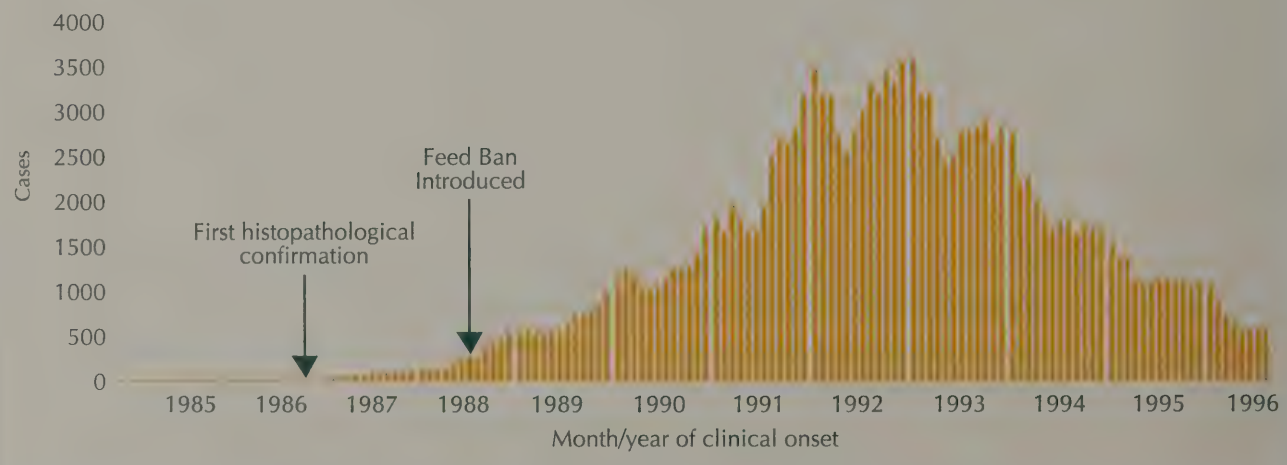
- further measures to tighten up on the application of existing SBO legislation;
- the whole head of cattle over six months old, apart from the tongue, were classified as specified bovine material and had to be destroyed from March;
- meat and meat products from bovine animals aged over 30 months was prohibited from entering the human food chain and would be destroyed, announced on 29 March;
- feeding of mammalian meat and bone meal to all farmed animals was prohibited in March;
- the use of mammalian meat and bone meal in fertliliser for agricultural land was banned from April and a feed recall scheme was introduced in June and completed by July.

3.24 BSE is not known to occur in sheep, but experimentally induced BSE in sheep is indistinguishable from scrapie. As an additional precaution therefore, and in line with the advice of SEAC, the heads of sheep and goats were treated as SBM from September 1996.

3.25 Scheme costs include compensation for suspect animals slaughtered, payments for the slaughter and disposal of carcases. They also cover payments to the Meat Hygiene Service (MHS) for operating controls in slaughterhouses and to the Veterinary Laboratories Agency (VLA) for work on pathology and epidemiology. This Programme includes provision for the costs of SBM enforcement measures, Cattle Traceability, MBM recall schemes and the Selective Cull but not OTMS, CPAS, Aid to Slaughterers and Renderers which are covered in Programme CE1:20 Beef. The increase in outturn for 1996/7 is due to expenditure on these additional measures; however expenditure on compensation payments following compulsory slaughtering of suspected cases of BSE continues to decline (see paragraph 3.26 below).

3.26 The BSE epidemic peaked in the early months of 1993. Since then it has declined at the rate of 40 per cent per year and this trend continued in 1996-97. It is now at its lowest level for eight years.

Figure 1: Confirmed Cases of BSE Plotted by Month and Year of Clinical Onset



3.27 The occurrence of BSE in cattle born after the feed ban was introduced in July 1988 has shown that controls in slaughterhouses and rendering plants were not fully effective for several years. Surveillance by the State Veterinary Service (SVS) in autumn 1995 confirmed that there were still problems; accordingly the enforcement of controls was tightened and checks by the SVS during 1996 showed a high level of compliance. The MHS has been given substantial extra resources to enable it to increase enforcment activity in licensed fresh meat premises in order to secure full compliance. The incidence of BSE also shows that controls in feed mills were not fully effective (see para 3.30 opposite).

3.28 The announcement in March 1996 of a possible link between BSE and the new variant of CJD led to massive effects on the beef market (see Programme CE1:20) and intense debate at home, in the European Union and world wide, which is described at Chapter 2 of this Report. The main outcome was a Commission Decision to ban all exports of live cattle and cattle products, with the exception of milk and milk products from the United Kingdom. The UK was the only European Union Member State to vote against this Decision. The Decision led to intense political and diplomatic activity which resulted in the adoption of the UK eradication programme at the Standing Veterinary Committee in June followed by agreement at the Florence European Council providing for resumption of exports on a step by step basis, subject to five preconditions. The five preconditions were:

- introduction of an effective animal identification and movement recording system with official registration;
- legislation for removing meat and bone meal from feed mills and farms and subsequent cleansing of the premises and equipment concerned;
- effective implementation of the over 30 months rule including the destruction of the animals; and
- improved methods for removing specified bovine material from carcases;
- implementation of a selective slaughter programme.

Animal identification and movement recording system

3.29 In Great Britain cattle passports were introduced for all animals born after 1 July 1996; in addition work was put in hand on a computerised cattle traceability system. MAFF has issued a consultation paper on proposals to put this in place and a system is being developed for operation in Great Britain. It is expected to come into operation in 1997. Northern Ireland has had a computerised system for this purpose for some years.

Removal of meat and bone meal from feed mills and farms

3.30 Regulations were made banning meat and bone meal in feed mills, merchants and farms. A feed recall scheme was launched under which existing stocks were recalled and destroyed at Government expense. The ban became fully effective on 1 August.

Effective implementation of the over 30 months rule

3.31 The ban on the sale for human and animal consumption of meat from animals aged over 30 months was announced on 29 March. An EU Regulation came into effect on 29 April and the OTMS came into operation on 3 May, administered by IB. Animals slaughtered under the OTMS were separately slaughtered and taken out of the food chain. By February 1997 some 1.27 million animals had been slaughtered in this way. For detailed information on the OTMS see Programme CE1:20 Beef.

Improved methods for removing specified bovine material from carcases

3.32 Strengthened enforcement controls by the MHS and closer supervision by the SVS described in paragraph 3.26 were designed to ensure full compliance with this requirement.

Selective Slaughter Programme

3.33 A selective slaughter programme was considered, to be targeted on cattle born between 1 July 1989 and 30 June 1993 with the aim of removing animals most at risk of having been exposed to infection. This could not be started until the backlog of OTMS cattle awaiting slaughter had been cleared. New scientific evidence on the possibility of maternal transmission also became available, and, the Government announced in September that it was not proceeding with the selective cull for the present but would return to cull options in the light of the developing science and discussions on a certified herds scheme. Having reviewed these aspects and taking account of the clearance of the OTMS backlog which was completed in December the Government announced on 16 December that it would press ahead with the cull on the basis agreed with the EU in June. The tracing and slaughter of cattle targeted under the scheme is now under way; the scheme will be administered jointly by MAFF and IB.

Other Measures

3.34 A BSE Enforcement Bulletin published monthly from August 1996 has given the results of enforcement. Compliance has been very high. No spinal cord has been found on carcases – the main public health concern previously – since March 1996. Feed is sampled for mammalian protein; 99% of samples have given negative results and investigation of the remaining 1% has found no contamination of ruminant feed.

3.35 In August the Beef Assurance Scheme was launched, under which meat from animals aged 30-42 months could be exempted from the 30 month rule and sold for food provided that the herds met stringent conditions. A total of 36 herds were registered under the Scheme by February 1997.

3.36 The first stage in the lifting of the export ban was envisaged to be for animals from certified herds with no history of BSE and no exposure to infected meat and bone meal. An outline scheme is under discussion with the European Commission.

Information

3.37 It has been difficult to keep pace with the intense interest in BSE and the demands for information during the year. Every effort has been made to supply information, through a combination of :

- a BSE site on the Internet;
- announcements about SEAC advice;
- a regular six-monthly report to Parliament;

- the monthly BSE Enforcement bulletin;
- booklets about the public and animal health aspects of BSE;
- publication in June 1996 of the United Kingdom BSE Eradication Plan;
- fortnightly reports to the EU Commission.

USE OF EXTERNAL CONSULTANCIES ON BSE ISSUES

Coopers & Lybrand were engaged by the Ministry

- to provide advice on the need for temporary financial support measures in the downstream beef supply and disposal chain
- to advise on the design and implementation of the resulting support schemes:
 - the Slaughtering Industry (Emergency Aid) Scheme;
 - the Beef and Beef Stocks Storage and Disposal Service;
 - and the Rendering Industry Support Scheme.

The same team provided integrated advice to the Intervention Board on their contracts with the slaughtering and rendering industry for implementation of the Over Thirty Month Scheme slaughtering programme.

PA Consulting Group were engaged by the Agriculture Departments to carry out a major feasibility study of a computerised system to record all cattle movements in Great Britain.

Three independent consultants have been engaged by the Chief Veterinary Officer to provide specialist advice on BSE-related issues.

(See also Use of External Consultants at Programme IR2:01 Financial Planning and Control)

Veterinary Medicines

Programme Code: PP1:05

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	2,460	2,460	2,688	2,371	2,371
of which payments to agencies	2,460	2,460	2,688	2,371	2,371
MAFF Administration Costs	191	174	183	183	183
Receipts	-148	-147	-142	-142	-142
Net Administration	43	27	41	41	41

Note: expenditure under this Programme covers policy and certain surveillance activities. Authorisation and residues work is covered under Programme EA1:05

3.38 MAFF's objectives for this Programme are:

- to ensure the safety, quality and efficacy of veterinary medicines in the UK, and thereby safeguard public health, animal health and the environment, and
- to promote animal welfare.

3.39 These are achieved through the authorisation and control of the manufacture and marketing of veterinary medicines, comprehensive post-authorisation surveillance, residue testing and an R&D programme.

3.40 Programme PP1:05 provides for payments to an Executive Agency, the Veterinary Medicines Directorate (VMD) for policy work, which includes the provision to Ministers of advice on veterinary medicine issues and the non-statutory residues surveillance programmes for veterinary medicines. Marketing authorisation and statutory residues surveillance work are also undertaken by VMD and the costs of this are recovered from fees and charges paid by the respective industries (see Programme EA1:05 in Chapter 9).

3.41 The Veterinary Products Committee (VPC) is an independent expert committee that advises Health and Agriculture Ministers, acting as the licensing authority, on the safety quality and efficacy of veterinary medicines. During 1996, the VPC reviewed the current control measures for the safety of operators using organophosphorus (OP) sheep dips. Ministers are considering its advice.

3.42 The BSE crisis has had a significant impact on the red meat residues testing programme. Since the sampling programme was drawn up before BSE measures were introduced, the cost of the programme remained unaltered. However, income will no longer cover those costs because it is raised through a charge on slaughterhouse throughput of cattle for human consumption and the Over Thirty Month Scheme (see Programme CE1:20 Beef) has significantly reduced those throughputs. As a result there is likely to be a shortfall of £350,000 in VMD's residues income. (See also Chapter 2 and Programme EA1:05).

3.43 Other major issues which developed during the year included the future availability of the feed additive Avoparcin because of concerns about antibiotic resistance in humans and Dimetridazole (DMZ) which was banned as a veterinary medicine by the EU but is still authorised in the UK for game birds because of welfare concerns. The prescribing 'cascade' requires veterinarians to take account of authorised veterinary medicines before using human or unauthorised products and concerns were expressed that its strict application would cause animal health and welfare problems. These issues gave rise to a large number of enquiries from MPs, interest groups and members of the public.

3.44 Surveillance for residues of veterinary medicines in meat and animal products indicates that the risk to consumers is negligible and that there is no evidence of illegal use of banned substances. Results are reported in the Annual Report on Surveillance for Veterinary Residues in

1995 and in the quarterly Medicines Act Veterinary Information Service (MAVIS) (both available from the Veterinary Médecines Directorate).

Pesticides Safety

Programme Code: PP1:06

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	6,162	6,162	4,950	4,950	4,950
of which payments to agencies	6,162	6,162	4,950	4,950	4,950
MAFF Administration Costs	259	236	256	258	258

Note: expenditure under this Programme covers policy and certain monitoring and review work. Approvals and residue work is covered under Programme EA1:04

3.45 MAFF's objectives for this Programme are:

- to ensure that they are approved only when they can be used safely as regards human health and the environment;
- to ensure that they are effective;
- to ensure that the amount used is the minimum necessary for the control of pests, compatible with the protection of human health and the environment.

3.46 MAFF works in conjunction with the DH, the Department of the Environment (DoE), the Health and Safety Executive, the Scottish Office and the Welsh Office in Great Britain.

3.47 The policy is implemented through the rigorous evaluation of new and existing pesticides, and through comprehensive monitoring of usage, wildlife incidents and residues. A new Pesticides Forum was set up by Ministers in February 1996 to help develop Government policy on pesticide use. It meets three times a year and comprises representatives from the farming, agrochemical, consumer and environmental interests. The Forum's first task has been to develop an Action Plan to promote responsible pesticide use.

3.48 MAFF makes payments to the Pesticides Safety Directorate (PSD), an Executive Agency, for commissioned policy work. This work includes the provision of advice to Ministers, developing legislation and representing the UK on pesticides matters in Europe and internationally. In addition the first phase of the evaluation of active substances under the EU review programme has been funded by MAFF. The United Kingdom is, however, pressing for an amendment to Community law to enable PSD to charge industry for future reviews.

Radiological Protection and Food Contamination Incidents

Programme Code: PP1:07

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,621	1,621	2,828	2,731	2,731
of which payments to agencies	1,304	1,304	2,614	2,614	2,614
MAFF Administration Costs	1,617	2,781	1,619	1,623	1,623
Receipts	-3,056	-3,025	-2,900	-2,900	-2,900
Net Administration	-1,439	-244	-1,281	-1,277	-1,277

Note: following the reorganisation of the Ministry's work on radiological protection and food safety emergencies, PP1:07 now includes components previously contained in PP3:02, RE2:04 and CE1:21. A significant proportion of administration costs will become scheme costs when the DFR assumes agency status (as CEFAS) on 1 April 1997. See the entry under EA1:09.

3.49 The main objectives of this Programme are:

- to ensure that exposure of members of the public to radioactivity through all parts of the food chain is kept below internationally prescribed limits and as low as reasonably practicable
- to minimise the impact of radioactive waste disposal on fisheries, food and farming
- to protect of the public and minimise the impact of accidents resulting in contamination with non-radioactive chemicals.

3.50 Under the Environment Act 1995, discharges of radioactive waste from nuclear sites in England may take place only if authorised by the Environment Agency. The Minister is a statutory consultee, with powers of Direction if necessary, for licensed sites and MAFF is also consulted on the authorisations for all other sites. It is Government policy (Cmnd 2919) that MAFF should continue to assess the radiation doses received by members of the public and carry out monitoring of radioactivity in the food chain.

3.51 MAFF and Her Majesty's Inspectorate of Pollution (HMIP) were jointly responsible for regulating discharges from England until 1 April 1996, when this role passed to the Environment Agency. From this date the Ministry's role became one of Statutory Consultee. The Ministry continues to monitor the aquatic environment for radioactivity to confirm the safety of the foodchain and the acceptability of permitted discharges. Public doses remain well within national and international limits and constraints: the international limit is one millisievert.

Table 6: Sellafield critical dose from liquid radioactive waste discharges

Year	1990	1991	1992	1993	1994	1995*
Dose as % of international limit	18	15	19	18	14	12

* The 1995 dose has been evaluated using updated guidance on the conversion factors between the intake of radioactivity and the dose received. Therefore this value is not strictly comparable with those for previous years. The limit remains 1 millisievert.

3.52 The Ministry's work on the aquatic and terrestrial food chains has been combined in this Programme since November 1995 and results of the two surveillance programmes are now published in a single annual report, Radioactivity in Food and the Environment (RIFE). In 1995 the maximum potential exposure levels to consumers of agricultural produce and fish and shellfish were 8% and 12% respectively of the limit of 1 mSv. (For comparison, the average dose to members of the public due to natural background is 2.6 mSv in the UK).

3.53 In the summer of 1996 a survey of the sheep in the remaining post-Chernobyl restricted area of Cumbria was carried out.The results enabled us to continue the gradual relaxation of controls and there are now just 11 holdings in Cumbria still subject to control.

Table 7: Number of holdings subject to controls in the Cumbrian restricted area

Year	1992-3	1993-94	1994-95	1995-96	1996-97
Holdings	126	112	66	13	11

3.54 MAFF investigated 175 possible food safety incidents involving contamination by non-radioactive chemicals during 1996; a 15% increase over the previous year. All incidents were resolved without recourse to statutory measures, often through swift voluntary action by farmers to restrict the movement of affected animals until the risk had passed. To test out its plans, MAFF participated in six interdepartmental emergency response exercises and carried out a major internal exercise.

3.55 A key task for the coming year will be to publish the combined terrestrial and aquatic radioactivity monitoring report by October 1997. The number of consultations undertaken by the Environment Agency will be monitored and the percentage completed on time recorded.

Food Quality and Nutrition

Programme Code: PP1:08

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,877	1,877	1,811	1,709	1,680
of which payments to agencies	653	653	578	578	578
MAFF Administration Costs	2,292	2,130	2,121	2,121	2,121

3.56 The objective of the Programme is to ensure that consumers have the information they need to choose a healthy and nutritious diet and are not misled by the way food is described.

3.57 The Programme covers advice, regulation and surveillance on nutrition, food composition and labelling.

Nutrition

3.58 While the DH is responsible for the links between nutrition and health and, in particular, the nutrition targets in the Health of the Nation initiative, MAFF is concerned with the nutritional value of food and the diet. The two Departments have continued to work closely on the development of nutrition policy, and on taking forward the work set in hand by the Nutrition Task Force.

3.59 MAFF undertakes the National Food Survey which monitors the nutritional value of food purchased in Great Britain and works with DH to produce the wider National Diet and Nutrition Surveys (NDNS). A survey of diets of older people will be published in Spring 1997. Fieldwork for a survey of the diets of children aged 4-18 commenced in January 1997.

EU legislation

3.60 New consolidated food labelling regulations came into effect on 1 July 1996. The regulations have been streamlined and reflect more closely the EU legislation. Greatly simplified lot marking regulations were also introduced on 1 July 1996 which replaced those introduced in 1992. During 1996 the Council and the European Parliament finally agreed amendments to the labelling directive which will provide for quantitative ingredient declarations. Four EU Directives on foods for particular nutritional uses were adopted – on slimming foods, weaning foods, infant and follow-on formulae (the latter amended an existing Directive) and on temporary marketing authorisations for new products. Discussions continue on proposals, published in June 1996, to amend seven old food compositional directives

including chocolate, and on a proposal to reduce the number of subsidiary directives on foods for particular nutritional use.

3.61 During 1996 an amendment to the Natural Mineral Waters Directive 80/777 was adopted, the main effect of which is to make Spring Waters subject to some of the requirements which apply to natural mineral waters.

UK legislation

3.62 Food composition regulations were extensively reviewed in order to simplify requirements for industry while still meeting the needs of consumers. By 1 July 1996, 18 compositional regulations had been revoked and replaced by two Regulations. A few essential provisions and compositional standards were transferred to the Food Labelling Regulations 1996. A review of the 1984 meat products regulations took place in the autumn of 1996 and revised Regulations are expected to be laid before Parliament by 1 January 1998. Amending regulations on infant and follow-on formulae are also expected to be laid in the first half of 1997.

3.63 Amendments to the UK Natural Mineral Water Regulations 1985 are being drafted to give effect to the amendments to Directive 80/777, described above.

Food Authenticity

3.64 It is important that food is correctly described. Surveillance studies have identified occasional misdescription and adulteration. Two surveys to check the authenticity of food sold in the UK were completed. Some chilled meat and poultry samples had not been declared as having been previously frozen. A small number of species were found to lack a declaration of having been previously irradiated. Results have been passed to enforcement authorities.

Local Authorities

3.65 The 20 Codes of Practice covering the work undertaken by local authorities have been reviewed and consolidated, in conjunction with DH and the Welsh and Scottish Offices. Draft versions of the revised Codes will be issued for public consultation early in 1997.

Feedingstuffs and Fertiliser Standards

Programme Code: PP1:09

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	239	239	324	345	345
of which payments to agencies	88	88	154	154	154
MAFF Administration Costs	581	416	465	465	465

3.66 The objectives of this Programme are:

- to safeguard the health of animals and of people eating animal products,
- to ensure free and fair trade within the EU, and
- to enable purchasers to make informed choices.

3.67 The Programme operates through legislative controls on marketing and compositional standards. Feedingstuffs and fertilisers legislation is for most part harmonised within the EU. The various EU Directives are implemented in Great Britain by the Feeding Stuffs Regulations 1995 and the Fertilisers Regulations 1991, augmented by separate controls for enforcement purposes on sampling and analysis. Separate but parallel legislation applies in Northern Ireland. Scheme costs represent payments for advice and support and for investigations.

3.68 Feedingstuffs legislation covers safety measures including a list of approved feed additives and maximum permitted levels of contaminants. It also governs the description of certain materials and the labelling of products. During 1996 EU Directives were agreed on feed additive authorisation procedures and rules on the circulation of feed materials. Work on the implementation of EU Directives on inspections and registration was progressed with a view to finalisation by April 1998. This will therefore remain a key task for next year. There are also measures to ensure better labelling of fertilisers and to facilitate trade.

By taking action against diseases with implications for human health

Brucellosis and Tuberculosis Eradication

Programme Code: PP2:01

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		16,304	16,304	19,679	19,679	19,679
of which	payments to agencies	2,912	2,917	6,144	6,144	6,144
	payments to individuals	3,120	3,120	2,770	2,770	2,770
Non EU Receipts		-562	-562	-279	-279	-279
MAFF Administration Costs		8,706	9,078	10,188	10,183	10,183
Receipts		-2	-2	-11	-11	-11
Net Administration		8,704	9,076	10,177	10,172	10,172

Note: Expenditure under this Programme and PP2:02 Salmonella and other Zoonoses will appear under a merged Programme PP2:01 re-titled Zoonoses from 1997-98

3.69 The main objectives of this Programme are:

- to maintain the Tuberculosis and Brucellosis Free official status of British cattle and sheep (and Brucellosis Free status of goats) and
- to reduce the number of outbreaks by regular testing of all herds and compulsory slaughter, with compensation.

3.70 Scheme costs represent payments to Local Veterinary Inspectors for taking blood samples for brucellosis and the regular testing of cattle for tuberculosis (TB). They also include the cost of testing milk samples for brucellosis. The additional costs arising from responding to new outbreaks of TB are included in Administration Costs.

Table 8: Outbreaks of TB and Brucellosis in Great Britain, 1990-96

Year	1990	1991	1992	1993	1994	1995	1996 (Estimated)
Outbreaks of TB	173	125	155	277	362	449	510
Outbreaks of Brucellosis	1	0	1	0	0	0	0

An 'outbreak' of these diseases relates to confirmation of disease in a herd and may involve one or more animals

Tuberculosis

3.71 The rising incidence of TB in cattle in the West of England continues to cause concern. While there has been only a slight increase in the number of new confirmed herd breakdowns in the South West, the spread of the disease continues in Hereford and Worcester. MAFF continues to act on the assumption, for which there is much scientific evidence, that TB is transmitted to cattle from the wild badger population, in which the disease is endemic.

3.72 Ministers concluded that scientific advice on the way ahead was required to inform initiatives on TB in cattle. Professor John Krebs, FRS, Chief Executive of the Natural Environment Research Council, will chair a review panel, which is expected to report during the early summer of 1997. Consideration of the review's findings will be a key task in the coming year.

Brucellosis

3.73 Proposals to change the arrangements for blood testing and the reporting of abortion and early calvings, announced following the independent evaluation by CEAS Consultants, are expected to be implemented by Spring 1997. A Commission Decision, agreed in late 1996, allows amended arrangements for blood testing to proceed. The CEAS study was commissioned by MAFF in 1993 as part of the rolling programme of policy evaluation.

3.74 The testing of milk samples (for EBL as well as brucellosis) were put out to tender and testing under the new arrangements is expected to begin on 1 April 1997. The new milk test for brucellosis will come into use at the same time.

Salmonella and other Zoonoses

Programme Code: PP2:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	4,369	4,369	–	–	–
of which payments to agencies	3,119	3,119	–	–	–
of which payments to individuals	1,250	1,250	–	–	–
MAFF Administration Costs	1,472	1,100	–	–	–
Receipts	-149	-149	–	–	–
Net Administration	1,323	951	–	–	–

Note: Expenditure under this Programme and PP2:01 Brucellosis and Tuberculosis Eradication will appear under a merged Programme PP2:01 re-titled Zoonoses from 1997-98.

3.75 The main objectives of this Programme are:

- to monitor the incidence of salmonella in agricultural livestock and animal feedingstuffs and
- to take appropriate action to reduce the risk to public health.

3.76 Scheme costs comprise mainly compensation payments for compulsorily slaughtered birds, the costs of collecting and testing official samples and payments to ADAS and VLA. Receipts result mainly from charges for the collection and testing of official samples from poultry breeding flocks/hatcheries and authorising laboratories to undertake private testing. The incidence of other non-notifiable zoonotic diseases in animals is also monitored.

3.77 Incidents of *Salmonella typhimurium* DT104 in cattle appear to have peaked. Infection with this organism also occurs in other livestock species and is being closely monitored, as is the range of antibiotics to which this organism and other salmonellas are resistant. A major part of the analysis of the data from the 1995 case control study of *Salmonella typhimurium* in cattle has been completed by the Veterinary Laboratories Agency and the main findings reported in the *Veterinary Record* (7 December 1996, page 557). A Code of Practice for the Prevention of Rodent Infestations in Poultry Flocks was published in May 1996. In the next year it is planned to publish further Codes in the Prevention and Control of Salmonella series covering cattle and pigs and to revise the Code for broiler chickens and turkeys.

Table 9 (a) Reported incidents in Great Britain of salmonella in farm animals 1990-96

Year	1990	1991	1992	1993	1994	1995	1996 (provisional)
Cattle & Calves	1,387	1,051	940	1,465	1,899	2,052	1,575
Sheep	194	176	106	106	188	211	227
Pigs	228	232	261	346	360	353	347
Fowl	1,906	1,803	1,447	1,295	744	841	950
Turkeys	992	709	441	327	401	277	222
Ducks & Geese	97	361	453	357	133	102	86

(b) Reported isolations in Great Britain of salmonella in feedingstuffs 1990-96

Year	1990	1991	1992	1993	1994	1995	1996 (provisional)
Finished feed	636	599	545	706	904	809	705
Animal protein	210	238	161	133	256	203	121
Vegetable protein	478	1,126	897	834	936	752	637
Miscellaneous	0	10	138	354	234	206	209

Note: An 'incident' refers to an isolation or isolations of salmonella from either an individual animal or from one or more animals in a group on one or more occasions.
An 'isolation' is the positive identification of salmonella in a sample batch of feedingstuff or an animal.

By planning to safeguard essential supplies in an emergency

Emergencies

Programme Code: PP3:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	27	27	27	27	27
MAFF Administration Costs	442	442	327	328	328

3.78 The objective of this Programme is to maintain and develop plans to safeguard essential food supplies in times of national emergency. From 1996-97 the objective to protect consumers from exposure to contaminated food is delivered under Programme PP1:07 (Radiological Protection and Food Contamination Incidents).

3.79 MAFF pursues this Programme's objective in three main ways. First, Departmental Emergency Preparedness is maintained by an annual review of 37 contingency plans. These plans are currently being amended to take account of organisational changes in the Department. Implementation of lessons learned from actual emergencies and exercises continues; recommendations resulting from the major MAFF exercise in October 1995 have been implemented in readiness for the follow up exercise in January 1997.

3.80 MAFF maintains a Departmental Emergency Control Centre with its associated communication and computer facilities. Amongst these is a food stocks modelling system (the Food Vulnerability Model) to assist impact assessments of actual and potential food emergencies. The capital investment to replicate the Food Vulnerability Model to Wales and Scotland was contained within budget (£106,000). Electronic means, such as the MAFF Intranet, are used to provide wider access to guidance and data used in impact assessment; these developments will continue. The Departmental Emergency Control Centre's facilities were used to supplement MAFF's Helpline immediately following the BSE announcement on 20 March. A team of volunteer staff, specially briefed by the Samaritans, dealt with over 7000 calls in a period of seven weeks. (See also Programme IR1:02 Press and Information Services.)

3.81 MAFF maintains and operates contingency plans for response to specific emergencies, such as severe weather and natural disasters. These depend on reports from Regional Service Centres in the affected geographical areas. Specific defence contingency plans, shelved since 1994 in a revivable form, were reviewed, and with the exception of the War Book none will be subject to further review.

3.82 The key tasks are to maintain Departmental Emergency Preparedness, including the Departmental Emergency Control Centre, and to respond to actual emergencies if they arise.

By promoting action to alleviate flooding and coastal erosion

Flood and Coastal Defence

Programme Code: PP4:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Cost	66,283	57,533	65,703	58,022	57,866
of which payments to agencies	120	120	103	103	103
Non EU Receipts	-36	-36	-36	-36	-36
MAFF Administration Costs	2,018	2,018	2,085	2,085	2,085
Environment Agency Levies	186,249	169,201	186,249	186,249	186,249
Supplementary Credit Approvals	14,000	16,000	12,000	15,000	15,000

3.83 This Programme aims to reduce risks to people and to the developed and natural environment from flooding and coastal erosion in England.

3.84 MAFF Scheme costs mainly comprise grants for flood defence and coastal protection. The table also shows Supplementary Credit approvals (which authorise local authorities to borrow the balance of capital costs of approved schemes after MAFF grant and other contributions) and the charges levied by the Environment Agency (EA) on local authorities for its flood defence expenditure which are determined by the Regional Flood Defence Committees of the Agency. The outturn for Scheme Costs in 1996-97 reflects increased expenditure on some major schemes (see paragraph 3.85). During 1996-97 the possibilities of the Private Finance Initiative (PFI) have been further investigated (see paragraphs 3.89 and 3.90).

3.85 MAFF grant aids local operating authorities in England (local authorities, the Environment Agency and Internal Drainage boards) for between 15% and 85% of the value of individual capital projects to provide sound and sustainable flood and coastal defences and warning systems. In total, MAFF meets some 50% of the total capital expenditure annually. Advice and guidance are provided for authorities on technical, economic and environmental issues. MAFF funds a research programme for improving understanding of the processes involved in flooding and coastal erosion, examining techniques for the design and management of defences, and furthering environmental interests.

3.86 Table 10 shows results from flood and coastal defence projects (including sea defences and protection against coastal erosion).

3.87 Expenditure on grant aid for flood defence and coast protection schemes is expected to be about £73m in 1996-97. Progress has been made with a number of large and important schemes including those on the Lincolnshire coast, on the Norfolk coast at Happisburgh/Winterton, at Hurst Spit and at Blackpool and the Humber Estuary. The first update of MAFF's Coast Protection Survey of England was commissioned in late 1995 (alongside the Environment Agency's review of their Sea Defence Survey). Preliminary analysis of the results has raised concern that coastal defences are not being improved at an adequate rate, but definitive conclusions cannot be reached after only one review; the next review has been commissioned. In March 1997 MAFF published a second, annual report summarising the findings of some 80 post project evaluations undertaken in 1995-96 of defences constructed with the benefit of grant aid. Most schemes were found to be sound and performing well. Where the report identified shortcomings, the findings will be reflected in guidance to authorities. MAFF is reviewing progress to date on post project evaluation with the operating authorities and the industry.

Table 10: Performance Indicators relating to flood and coastal defence projects

Year	1994-95	1995-96	1996-97 (Est)
No of schemes approved in year	200	207	200
To protect: houses	21,500	50,600	35,000
commercial properties	1,400	4,900	3,000
agricultural land (ha)	45,000	54,000	50,000
Length of flood and coastal defence approved (km)	128	150	140
Administration cost per £m grant approved (£'000)	11	9	11
Aggregated benefit/cost ratio of schemes approved	6.3:1	10.1:1	N/A
Number of ongoing schemes (including those approved in-year)	800	770	750

3.88 In accordance with a Ministerial direction issued in March 1996, the Environment Agency assumed the lead role in relation to disseminating flood warnings on 1 September 1996. Grant aid was provided towards the cost of capital equipment, such as automatic voice messaging systems, to improve the dissemination of flood warnings.

3.89 A Code of Practice on Environmental Procedures for Flood Defence Operating Authorities was published in December 1996 to provide a practical guide for the Environment Agency, Internal Drainage Boards, and Local Authorities to follow when considering and carrying out flood defence works, including sea defence works. The Code was finalised following consultations with the operating authorities, environmental organisations and other interested bodies.

3.90 Future expenditure on grant aid is planned at somewhat reduced levels compared with previous plans. In part this reflects the transfer of some £10 million, over the three years from 1997-98, to the Department of the Environment for the Local Authority pilot Capital Challenge Fund. The aim of this pilot Challenge Fund was to test the applicability of the challenge approach to any and all aspects of capital spending across all services for which Local Authorities are responsible. The outcome of the pilot has yet to be evaluated. A key task for 1997 will be to review the existing criteria for MAFF grant aid with a view to considering their effectiveness and identifying whether changes can be made to ensure that taxpayers' investment is better targeted to the Ministry's policy aims. A key performance indicator is to maintain the administration cost per £1m of grant approved to less than £11,000, (the figure achieved in 1993-94).

3.91 MAFF has continued to pursue with the EA the possibilities of the Private Finance Initiative (PFI) in the flood defence area. Preliminary findings, from a consultancy, suggested that whilst PFI offers potential advantages it may be suitable for only a small part of the flood defence programme. The consultants concluded that many flood defence projects were unlikely to be suitable for PFI because:

- such projects are generally too small,
- innovation may be constrained by the planning process,
- there is limited scope for risk transfer to contractors and
- there are limited opportunities for shared use or third party income streams.

3.92 In the light of the report the EA has sifted its programme to identify possible PFI pilot projects; three projects have been selected for further investigation. Consultants have been employed to review the suitability of these projects for PFI against the background of the conclusions of the earlier report, to develop a business case for those projects deemed suitable and to assist the EA in the preparation of a PFI tender.

By protecting the rural economy, particularly in less favoured areas

Hill Livestock Compensatory Allowances

Programme Code RE1:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	27,563	27,583	41,992	27,601	27,601
of which payments to agencies	345	345	362	362	362
of which payments to individuals	27,218	27,238	41,630	27,239	27,239
Territorial Scheme Costs	81,480	81,480	119,146	76,593	76,493
Total Scheme Cost	**109,043**	**109,063**	**161,138**	**104,194**	**104,094**
EU Receipts*	-5,855	-5,855	-5,711	-5,711	-5,711
MAFF Administration Costs	1,444	1,444	1,174	1,189	1,191

* In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports

4.1 The objectives of this Programme are:

- to ensure the continuation of extensive livestock farming in the Less Favoured Areas (LFAs), thereby helping to maintain a viable population in those areas and to help conserve the countryside, and
- to take due account of environmental and rural concerns in formulating policy.

4.2. Hill Livestock Compensatory Allowances (HLCAs), established under the provisions of European Council Regulation 2328/91, provide payments to UK hill farmers in respect of their numbers of cattle and sheep. The terms and conditions of the scheme are determined annnually following the Autumn Review of Economic Conditions in the Hills and Uplands. In 1997 the headage payments for cattle will be increased in order to maintain the incomes of hill cattle farmers. Those for sheep will be the same as for 1996. The EU reimbursement is paid one year in arrears from the Guidance section of the EAGGF.

Table 11: 1997 Rates of Hill Livestock Compensatory Allowances

£/head	Severely Disadvantaged Area	Disadvantaged Area
Breeding cows	97.50	69.75
Hardy breed ewes	5.75	2.65
Other ewes	3.00	2.65

Table 12: Labour force on main agricultural holdings lying wholly or mainly in the Less Favoured Areas (LFA)

As at June:	1988	1989	1990	1991	1992	1993	1994	1995
Labour force on LFA holdings – United Kingdom*	–	–	–	–	–	155.5	155.0	152.6
– England, Wales & Northern Ireland	122.6	122.1	120.4	119.4	119.8	120.2	118.6	116.4
As % of total agricultural labour force – United Kingdom*	–	–	–	–	–	26.2	26.4	26.5
– England, Wales & Northern Ireland	21.3	21.6	21.7	22.0	22.3	22.5	22.5	22.5

Note: * Data for Scotland not available on the same basis before 1993
In previous publications, the coverage of this table included holdings lying wholly, mainly or partly in the LFA

Table 13: Trends in net farm (in real terms) for full-time cattle and sheep farms wholly or mainly in the Less Favoured Areas (LFA) of the United Kingdom

Indices (1989/90 - 1991/92 =100) in real terms

Year (ending on average in February)	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 provisional
Cattle and sheep (LFA) farms	115	85	101	129	147	106	147	131
Other farm types (excluding horticulture)	118	95	89	114	118	132	168	136

By encouraging action to reduce water and other pollution and by other measures to safeguard the aquatic environment, including its flora and fauna

Environmental Protection (Nutrients)

Programme Code: RE2:01

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		8,968	8,530	7,934	8,894	9,244
of which	payments to agencies	2,479	2,479	2,333	2,333	2,333
	payments to individuals	6,384	5,146	5,540	6,500	6,850
Territorial Scheme Costs		–	–	300	700	700
Total Scheme Costs		**8,968**	**8,530**	**8,234**	**9,594**	**9,944**
EU Receipts		-1,843	-3,248	-1,610	-1,900	-2,050
Non EU Receipts		–	-2	-2	-2	-2
MAFF Administration Costs		936	1,280	800	811	824

4.3 The objective of this Programme is to minimise the potentially polluting loss of soil nutrients from agriculture in England.

4.4 MAFF is pursuing this objective through the voluntary Nitrate Sensitive Areas (NSA) Scheme, the implementation of the EU Nitrate Directive (91/676/EU), and the funding of a substantial research programme on nutrient losses from agriculture (see Chapter 8). Expenditure in 1996-97 fell short of that planned, primarily because farmer uptake of the more costly NSA arable reversion options was lower than originally estimated.

4.5 In 1994 the Pilot NSA Scheme was replaced by a new scheme launched as part of the Agri-Environment Programme. Like its predecessor this compensates farmers in England for voluntarily changing their farming practices in ways which significantly reduce nitrate leaching. It provides an effective means of reducing high or rising nitrate levels to safeguard the future viability of selected public drinking water sources. Annual payments are made under five-year agreements and range from £65 per hectare for restrictions on nitrogen fertilisers, to £590 per hectare for the conversion of arable land to native species grassland. Within certain ceilings, up to 50% of expenditure is refunded by the EU.

4.6 Payments totalling £3.6 million were made in 1996-97 on 20,000 hectares of land subject to Agri-environment NSA undertakings (64% of the eligible land in the areas). Following the 1996 application period, a further 3,798 hectares were entered into the NSA Scheme. 90% of applications and 98% of claims were processed within the timescales laid down in "Commitment to Service".

4.7 A further monitoring report was published in 1996. Coupled with the scientific modelling of catchment losses, this work showed that in 26 NSAs, out of a maximum of 32, nitrate leaching from the soil zone during 1995-96 had been reduced in comparison with pre-Scheme levels.

4.8 Final payments of £0.5 million were made under the Pilot NSA Scheme, which ended on 31 May 1996. A final report on the pilot NSAs due to be published in the spring of 1997 showed that the Scheme had been successful in reducing nitrate losses to below pre-scheme levels in nine out of ten pilot areas.

4.9 In April 1996, following an extensive consultation process, the Government designated 68 Nitrate Vulnerable Zones (NVZs) covering about 600,000 hectares in England and Wales, under the EU Nitrate Directive. The mandatory action programme measures, which will restrict the quantity and timing of applications of fertilisers and livestock manures in the Zones, are due to be established by statutory instrument in the spring of 1997 and measures will come into effect before the end of 1999. Farm waste grants of 25% for NVZ farmers were introduced in April 1996 and grant payment in the first year is estimated to be about £0.2m but is expected to increase in subsequent years. The four-yearly review of NVZ designations to take account of new data will be undertaken in 1997, as required by the Directive.

ENVIRONMENT WHITE PAPER: THIS COMMON INHERITANCE

The Government's annual reports on the Environment White Paper, *This Common Inheritance*, provide full information on progress on commitments to action on the environment.
In 1996-97 MAFF's key achievements in this field were:

- New National Forum on Agri-environment issues convened, and regional/local consultation arrangements for Agri-environment schemes set up
- Designation of 68 Nitrate Vulnerable Zones under the Nitrate Directive (jointly with DoE), and the introduction of farm waste grants within those Zones
- 3000 Free pollution advice visits by ADAS
- 500 Farm waste management plans in 6 river catchments
- Integrated Pest Management/Integrated Crop Management leaflet issued
- Pesticides Forum established, to co-ordinate development of Government's pesticide minimisation policy
- The issue for consultation of the revised Code of Practice for the Safe Use of Pesticides on Farms and Holdings
- Revision of some Environmentally Sensitive Area schemes to increase their size and introduce new options to promote biodiversity objectives.

Further information on all of these initiatives is given in Programme entries.

Environmental Protection (General)

Programme Code: RE2:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,589	1,589	976	976	976
of which payments to agencies	1,588	1,588	976	976	976
MAFF Administration Costs	498	690	483	483	483

4.10 The objectives of this Programme are:

- to reduce pollution and nuisance from agriculture (excluding pesticides and nutrients which are covered by PP1:06 and RE2:01 respectively), and
- to protect agriculture from the effects of pollution.

4.11 They are met through a mixture of regulation, advice and guidance underpinned by extensive research, and involve discussions at international, EU and national levels.

4.12 Internationally, MAFF participated in OECD and UN Economic Commission for Europe (UNECE) Working Groups on agri-environmental issues. The UNECE discussions included

the possible coverage of agricultural emissions of ammonia in a new agreement to reduce air pollution.

4.13 In the EU, MAFF participated in discussions which led to the adoption of a Directive on Integrated Pollution Prevention and Control (IPPC), which will apply new controls to parts of the food and drink industry and certain pig and poultry units; and in negotiations about the Commission's review of the EU 5th Environmental Action Programme.

4.14 At home, MAFF continued to work closely with other Government Departments (notably DoE), farming organisations, the Environment Agency and the water companies on a range of agri-environmental issues. These included: the Government response to the Royal Commission on Environmental Pollution's (RCEP) report on soil; the making of hazardous waste regulations and continuing discussions on agricultural waste regulations; the impacts of climate change; and the introduction of the new contaminated land regime. The Ministry published new advisory material on the agricultural use of sewage sludge and on water conservation and management.

4.15 MAFF again funded the provision, by ADAS, of free pollution minimisation advice or assistance with the preparation of farm waste management plans to 3,000 farmers throughout England. An independent evaluation of this service concluded that pollution awareness amongst farmers was now generally high, that demand for the free service was now declining and that its continuation was not likely to be cost effective. These conclusions were accepted and an announcement was made in November 1996 that the service would end in March 1997 on completion of the existing contract. Preparations began to provide a new advice programme targeted on diffuse pollution. In addition, MAFF continued to tackle the problem of water pollution from farm wastes by helping 460 farmers in seven selected river catchment areas in England prepare their own farm waste management plans. A new campaign in six further river catchments began in September 1996. The number of farm-related water pollution incidents in 1995 (see Table 14) was the lowest since the formation of the National Rivers Authority, whilst the number of major incidents fell again, to just 32.

Table 14: Number of substantiated water pollution incidents arising from agriculture in England and Wales

Year	1991	1992	1993	1994	1995
Total	**2,954**	**2,770**	**2,883**	**3,329**	**2,720**
of which major (NRA category 1)	99	67	63	36	32

4.16 New areas of work in 1997 will include: implementing the Government response to the RCEP soil report; the relaunch of the Codes of Good Agricultural Practice (for the protection of water, soil and air); and preparations for implementing the IPPC Directive.

Salmon, Whaling and Inland Fisheries

Programme Code: RE2:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	7,545	7,545	8,762	8,762	8,762
of which payments to agencies	–	–	1,311	1,311	1,311
Non EU Receipts	–	-1	-1	-1	-1
MAFF Administration Costs	3,034	1,351	365	365	365
Receipts	–	-113	–	–	–
Net Administration	3,034	1,237	365	365	365

Note: From 1997-98 Scheme costs include payments to the new Executive Agency CEFAS (formerly DFR) for activities undertaken under this Programme, previously entered as core-MAFF Administrative costs. Matching contributions are entered in the Agency's Receipts line under Programme EA1:09. In 1997-98 fish health work will transfer from this Programme and be covered under Programme CE2:32 Fish Farming and Shellfish Production.

4.17 The objectives of this Programme are:

- to promote the conservation, regulation and management of salmonid, eel and freshwater fisheries;
- to safeguard the health of wild and farmed fish and shellfish stocks;
- to prevent the spread of serious fish and shellfish diseases; and
- to work for the conservation and protection of whales through the International Whaling Commission (IWC).

4.18 It is planned to transfer fish health work to Programme CE2:32, Fish Farming and Shellfish Production for 1997/98 and subsequent years.

Salmon and Inland Fisheries

4.19 MAFF has overall policy responsibility for salmon and freshwater fisheries in England, and works closely with the Environment Agency, which is responsible for the day to day management and regulation of these fisheries. The Agency's fisheries functions are funded principally by rod and net licence duties and by £7.5m Grant-in-Aid paid by MAFF (1996-97). During the year Ministers agreed increases in licence duties for fishing for salmon and sea trout. To control programme costs, MAFF will continue to work with the Agency to ensure that the beneficiaries contribute a higher proportion of the costs of the Agency's activities on salmon and sea trout.

4.20 The Salmon Advisory Committee was wound up on 31 March 1996, but work continues finalising five reports for publication. It is expected that all reports will have been published by early in 1997.

Fish Health

4.21 MAFF takes the UK lead in negotiations on fish health matters within the European Community. With the Welsh Office it is responsible, through the Fish Diseases Inspectorate (part of MAFF's Directorate of Fisheries Research, now Centre for Environmental, Fisheries and Aquaculture Science), for the implementation and enforcement of fish health policy in England and Wales. The Inspectorate administers and enforces import rules designed to prevent the introduction of fish and shellfish diseases into Great Britain. It also carries out the programme of inspections and sampling required to maintain Great Britain's approved zone status for the serious salmonid diseases Infectious Haematopoietic Necrosis (IHN) and Viral Haemorrhagic Septicaemia (VHS), for establishing the causes of other disease outbreaks and, if an outbreak of a notifiable disease occurs, for taking appropriate action. Shellfish sites also have to be inspected regularly, as approved zone status is being sought for the shellfish diseases Marteilia and (for most of the coastline) for Bonamia.

Table 15: Fish Health Inspections and Outbreaks of Notifiable Diseases

	1994-95	1995-96	1996-97
Total number of inspections	1,342	1,477	1,480*
Average costs per inspection	£203	£235	£228*
% of registered sites inspected and sampled in accordance with approved zone programme	100%	100%	100%
Outbreaks of notifiable diseases: Spring Viraemia of Carp (SVC)	22	14	3
Bacterial Kidney Disease (BKD)	6	1	0
Bonamia Ostrea	25	2	0

* Planning assumption

Whales

4.22 MAFF represents the UK in the International Whaling Commission, which held its 48th Annual Meeting in Aberdeen in June 1996. At this meeting the UK was able to achieve most of its objectives: the moratorium on commercial whaling was retained intact and resolutions were adopted on scientific whaling, on whalewatching, small cetaceans and environmental change and condemning continued commercial whaling. A proposal to ban the use of the electric lance was supported by the majority of those voting, but did not secure the three-quarters majority necessary to change IWC rules.

Aquatic Environment

Programme Code: RE2:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	26	26	3,268	3,268	3,268
of which payments to agencies	–	–	3,242	3,242	3,242
MAFF Administration Costs	10,192	11,187	877	877	877
Receipts	-1,831	-1,814	-782	-682	-582
Net Administration	8,361	9,373	95	195	295

Note: DFR becomes an Agency, CEFAS, from 1 April 1997. Work undertaken on this Programme by the new Agency appears as a Scheme cost from 1997-98 and is matched by a contribution to the Receipts line under Programme EA1:09.

4.23 The work of this Programme is to develop and implement domestic and international policies to protect fisheries and marine fauna and flora from the deposit and discharge of wastes and other materials at sea. Scheme costs include contributions to international bodies dealing with marine pollution issues. Receipts are in respect of authorisations, licences and approvals.

4.24 To implement its commitments under the London Convention 1972 and the OSPAR (Oslo and Paris Convention for the Protection of the North East Atlantic), MAFF licenses all deposits in the sea (including construction work) under the Food and Environment Protection Act 1985 (FEPA). Licences for marine incineration and disposal of industrial and mine wastes have now been phased out and dumping of sewage sludge will end in 1998. Thereafter dredged material will be the only waste routinely licensed for sea disposal. An assessment of the potential impact on the marine environment is made before any licence is granted and a monitoring programme is pursued to assess the effects of material disposed of at sea. In 1996 MAFF was closely involved in agreeing an international Protocol to supersede the London Convention 1972 which will enhance global protection of the marine environment. MAFF also continues to contribute to Government policy on the offshore oil and gas industry in relation to the marine environment including the disposal of decommissioning installations.

Table 16: Licences issued under the Food and Environment Protection Act 1985

Year	1994-95	1995-96	1996-97 (Estimate)
No of FEPA licences issued – waste disposal	123	130	145
– construction	213	274	290
FEPA licence fee revenue (£'000)	776	825	757

4.25 Following the commitment given by the Government in its response to the Select Committee on the Environment's Report on Coastal Zone Management, new consultation arrangements for construction licences and new disposal sites have been established. These arrangements provide an opportunity for bodies such as local authorities, English Nature, the Environment Agency and the Crown Estate to have an input into the licensing process. Considerable progress was made on developing the new FEPA database which will now be fully commissioned in 1997. A statutory instrument extending the information on the Public Register came into effect in July 1996.

Pipeline discharges – non-radioactive waste

4.26 The Ministry is consulted by the Environment Agency on all applications to discharge non-radioactive waste into coastal waters. It assesses the food safety and environmental implications of potentially toxic substances, especially heavy metals such as mercury.

Monitoring and Control

4.27 In order to ensure that contaminants entering the marine environment from all sources do not harm the food chain or impair water quality, MAFF maintains an extensive programme of monitoring in coastal waters. As an example of this work, Table 17 provides a measure of indicative mercury levels in fish from the highest risk sea areas. The EU environmental quality objective is that mercury content should not exceed 0.3 mg per kg of wet weight.

Table 17: Mercury levels in fish in highest risk sea areas

Year	1990	1991	1992	1993	1994	1995
% of EU environmental quality maximum	63%	63%*	67%	67%*	57%	57%*

* Estimated

Aggregate Extraction

4.28 Extraction of minerals from the seabed (except oil and gas) requires a licence from the Crown Estate who issue such licences only after consultation with the Government. Under this 'Government View' Procedure, MAFF advises DoE on the potential implications for the marine environment, fishing and coastal defences. In November 1995, the Government announced its intention to introduce statutory licensing procedures as soon as legislative opportunity becomes available. Until then, the new arrangements will be operated on a non statutory basis. MAFF will have a key role in the new arrangements and is playing a significant part in developing them.

Sea Empress

4.29 In February 1996 the tanker Sea Empress grounded off Milford Haven and lost about 70,000 tonnes of crude oil. MAFF was actively involved in the incident response, in relation to the use of dispersants at sea, by undertaking monitoring programmes on fisheries and providing advice to the Welsh Office on the extent and maintenance of Fisheries Exclusion Zones.

Farm Grants

Programme Code: RE2:05

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	4,022	4,022	2,876	2,382	1,922
of which payments to agencies	90	90	64	64	64
of which payments to individuals	3,932	3,932	2,812	2,318	1,858
Territorial Scheme Costs	22,953	13,444	11,957	10,384	10,226
Total Scheme Cost	26,955	17,466	14,833	12,766	12,148
EU Receipts	-609	-609	-559	-559	-559
MAFF Administration Costs	426	578	232	231	221

* In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports

4.30 The objective of this Programme is to encourage agricultural businesses to adopt conservation-based farming practices through grant aided capital investments.

4.31 The Farm and Conservation Grant Scheme (F&CGS) was introduced in 1989. It comprised two elements, one being part funded by the EU (providing grant on investments under an improvement plan under Council Regulation 2328/91) and the other being a state aid scheme (providing grant on one-off investments under the 1970 Agriculture Act). The joint

EU-funded part lapsed as planned on 31 December 1994. The state aid part of the scheme closed as planned on 19 February 1996. Each of the four Agriculture Departments administer the scheme, with MAFF accounting for some 65% of expenditure to date. Although the scheme is closed to new applications, grant will continue to be paid on improvement plans which have yet to run their course. It is anticipated that investments will continue to be grant aided until the year 2004 when the last of these plans expires. The key task will be to ensure the completion of action on the plans by 2005.

By improving the attractiveness and biodiversity of the rural environment

Environmentally Sensitive Areas

Programme Code: RE3:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	39,603	35,088	38,772	42,296	48,625
of which payments to agencies	6,832	6,832	5,777	5,777	5,777
of which payments to individuals	32,769	28,256	32,993	36,517	42,846
Territorial Scheme Costs	16,060	12,142	16,946	20,201	21,392
Total Scheme Cost	**55,663**	**47,230**	**55,718**	**62,497**	**70,017**
EU Receipts	-18,913	-19,360	-23,395	-26,236	-31,878
Non EU Receipts	-2	-2	-2	-2	-2
MAFF Administration Costs	1,460	1,473	1,617	1,658	1,651

4.32 The objective of this Programme is to protect and enhance the environment by encouraging environmentally beneficial agricultural practices in areas of the countryside where the landscape, wildlife or historic interest is of national importance.

4.33 There are 22 designated Environmentally Sensitive Areas (ESAs) in England (43 in the UK as a whole, administered by the four Agriculture Departments). Each ESA has one or more tiers of entry under which farmers can enter into voluntary 10 year management agreements to maintain and enhance the environmental features of their land.

4.34 Annual payments to farmers range between £8 and £415 per hectare depending on the requirements of each tier. In addition grants are available to ESA agreement holders carrying out capital works to improve the landscape, wildlife and historic interest of the area, or to facilitate public access. Up to 50% of all expenditure in ESAs, excluding that on capital works, is refunded via IB by the EU under the Agri-Environment Regulation 2078/92. MAFF pays ADAS for management of technical aspects of the scheme.

4.35 By the end of the 1996 application year over 8,400 agreements (covering 465,000 hectares) had been signed or applied for, a 9% increase over 1995. Future expenditure on the scheme is expected to rise as the number of participating farmers continues to increase.

Table 18: Area of land under ESA agreements and area in enhancement tiers*

Year	1993	1994	1995	1996 (Estimated)	1997 (Projected)	1998 (Projected)
Area under ESA agreement (ha)	266,258	346,391	423,123	465,000	483,000	506,000
Area in enhancement tiers (ha)*	33,000	43,500	48,461	50,600	53,700	56,000

*The enhancement tiers seek to make significant improvements in the wildlife and landscape interests of each ESA. They include reversion of arable land to permanent grassland, regeneration of heather moorland, raising water levels and the creation of species-rich hay meadows.

4.36 The effectiveness of each ESA is reviewed every 5 years, and in 1996 MAFF carried out a review of the five ESAs established in 1987 (Broads, Pennine Dales, Somerset Levels and Moors, South Downs and West Penwith). The review considered the results of a substantial environmental monitoring programme and an economic study. The reports of this work have been published. Following full consultation with interested organisations and the Government's statutory conservation advisory bodies, Ministers concluded that the ESAs had achieved considerable success and that their continuation was justified. The ESAs have been re-opened to applications for 1997 with changes to increase their environmental benefit. In particular they include additional provisions to enhance wildlife, in line with the Government's support for the UK's Biodiversity action strategy.

4.37 In 1997 11 ESAs established in 1988 and 1993 will undergo the 5-year review process, which will be a key task under this Programme.

BSE special measures

4.38 Environmentally Sensitive Areas and other Agri-Environment schemes limit stocking densities on grassland. In some cases the overhang of stock on farms caused by the BSE crisis posed a problem for compliance with these agreements. In addition in some locations a switch out of beef or dairy farming could have undesirable environmental consequences. Advice was issued on the scope for temporary derogations from stocking restrictions where these did not undermine the environmental value of the agreements. Small numbers of agreement holders benefitted from derogations, but in general there was limited demand for such flexibility.

4.39 The longer-term position is being kept under review, in particular the risk that the crisis could lead to a decline in extensive grazing of semi-natural habitats, some of which have traditionally been grazed by older stock. This issue will be taken into account in the 5-year

reviews and the biennial payment reviews, which take into account the economic incentive to convert grassland to arable.

Conservation, Habitat Scheme and Access

Programme Code: RE3:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,925	3,624	3,442	3,502	3,397
of which payments to agencies	1,671	1,671	1,360	1,360	1,225
of which payments to individuals	2,000	1,699	1,820	1,880	1,910
Territorial Scheme Costs	1,463	514	987	952	1,011
Total Scheme Costs	5,388	4,138	4,429	4,454	4,408
EU Receipts	-1,788	-872	-1,501	-1,538	-1,587
Non EU Receipts	–	-2	–	–	–
MAFF Administration Costs	444	455	452	485	493

4.40 The objectives of this Programme are:

- to encourage farming practices which conserve and enhance the natural beauty and amenity of the countryside, its wildlife and features of historic interest and
- to promote enjoyment of the countryside by the public.

4.41 The Programme has three elements. First, operation of the Habitat Scheme which was introduced in May 1994 and aims to create, protect or enhance valuable wildlife habitats. In England the targeted habitats are waterside areas, saltmarsh and land which was formerly in the Five Year Set-aside Scheme. Similar schemes are operated by the three other Agriculture Departments, targeting various types of habitat. Farmers with eligible land are offered management agreements for 10 or 20 years involving payments ranging from £125 to £525 per hectare. The scheme forms part of the UK national programme to implement Council Regulation 2078/92 (the Agri-environment regulation). Payments are generally funded 50% from the National Exchequer and 50% from the EAGGF Guarantee Section (via IB). ADAS provides technical support for the Scheme under a Memorandum of Understanding.

4.42 Second, through ADAS and the Farming and Wildlife Advisory Group (FWAG), the Ministry provides free initial advice to farmers on all aspects of conservation and access. A Memorandum of Understanding with ADAS and a financial memorandum with FWAG cover arrangements for monitoring both the quantity and quality of the advice provided. The cost

of the ADAS programme, which includes promotion, publicity and general advice as well as on-farm visits, is expected to be £756,000 in 1996-97. Payments to FWAG are expected to total £258,000 including MAFF's partner subscription of £7,000.

4.43 Finally, other work within this Programme relates to the co-ordination of policy on the agri-environment schemes operated under EU Regulation 2078/92 and the Ministry's input into the UK Biodiversity Action Plan.

4.44 During 1996 the first review of Habitat Scheme payment levels resulted in some increased payment rates, particularly for arable land, and some changes to the management rules. In 1996 117 applications, covering 1,700 hectares, were received for the English Habitat Scheme. The total area entered into the Habitat Scheme in England at the end of December 1996 was some 5,700 hectares.

4.45 The total number of visits to farmers to provide free conservation advice in 1996/97 is forecast to be 3,100. In July 1996, an evaluation of free conservation advice, commissioned by MAFF, was published. It concluded that the free conservation advice service was effective in achieving its objectives, cost-effective and should be retained. Payments to FWAG are expected to increase by £40,000 in 1996-97. Payments to ADAS are expected to remain at about the same level in 1996-97 but will be reduced by £100,000 in 1997-98 as part of overall constraints on spending.

4.46 1996 saw a major expansion of MAFF's consultation arrangements on the agri-environment programme. Central to this was the setting up of the new National Agri-Environment Forum, which met twice during the year. The Forum gives a wide range of interested organistions the opportunity to comment and feed in ideas on the development of agri-environment schemes. Members include representatives from the DoE, the three countryside agencies, local authorities and key farming and conservation organisations.

4.47 Other activities included assisting in the preparation of the Government's response to the UK Steering Group Report on Biodiversity in May 1996 and subsequent follow up action. In addition, in October, DoE, the Welsh Office and MAFF issued a joint consultation paper on the protection of important hedgerows. A policy review of the legislation on the burning of crop residues concluded that the policy was working effectively and should be continued without change.

4.48 Key tasks for the future include continuing to work closely with the National Agri-Environment Forum; co-ordinating the biodiversity action plans on cereal field margins and ancient and/or species rich hedgerows; and introducing legislation to protect important hedgerows.

4.49 Key targets for 1997-98 include the processing of Habitat Scheme applications in 5 staff days and claims in 0.25 staff days. In the case of free conservation advice, subject to any changes introduced by review of the system, the performance targets set are the despatch of written reports following ADAS free conservation advice visits within 10 days (on average) and a target of 75% of farmers rating ADAS free conservation advice as good.

4.50 Citizen's Charter commitments for the Habitat Scheme are being introduced this year. In the case of new applications, timescales are laid down for informing applicants of whether or not they have been successful and for issuing agreements; these vary between the three scheme options. MAFF also aims to pay all Habitat Scheme claims by 30 April (if they are received by 1 April), or within a month of receipt if they are received after 1 April.

Farm Woodlands

Programme Code: RE3:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	6,534	5,708	5,905	7,708	9,181
of which payments to agencies	372	372	357	357	357
of which payments to individuals	6,162	5,336	5,550	7,351	8,824
Territorial Scheme Costs	4,660	2,436	4,932	7,094	8,194
Total Scheme Cost	**11,194**	**8,144**	**10,837**	**14,802**	**17,375**
EU Receipts	-3,895	-2,062	-4,209	-5,050	-5,971
Non EU Receipts	-2	-3	-2	-2	-2
MAFF Administration Costs	489	496	491	523	543

4.51 This Programme's objective is to encourage the planting of woodland by farmers, thereby enhancing the farmed landscape and environment, and providing a productive alternative land use to agriculture.

4.52 The Farm Woodland Premium Scheme (FWPS) is administered by the four UK Agriculture Departments and forms part of the UK national programme to implement Council Regulation 2080/92, which requires all Member States to operate schemes to encourage the afforestation of agricultural land. The Scheme offers annual payments for 10 years (for predominantly conifer woodland) or 15 years (for predominantly broadleaved woodlands) to help offset farming income foregone from converting productive agricultural land to woodland. For most applicants, the National Exchequer will fund 50% of the payments and the EU will

fund the other half from the EAGGF Guarantee Section (via IB). Scheme costs given in the head-up table above include expenditure on existing agreements under the closed Farm Woodland Scheme (FWS).

4.53 From March 1996 to end September 1996, 320 FWPS applications amounting to some 2,300 hectares were approved in the UK. The area of land entered into the FWPS in England in the same period was just over 500 hectares. This was considerably less than planning assumptions. There is evidence that farmers were holding back pending the outcome of a policy review of the Farm Woodland Premium Scheme which took place in 1996. The review, which was undertaken jointly by the Agriculture Departments and the Forestry Commission, was informed by economic and environmental evaluations of the existing FWPS and by an initial consultation exercise. The main changes proposed as a result of the review were announced to Parliament in July 1996. A public consultation paper was issued to allow interested organisations the opportunity to comment on the proposals and the conclusions were announced in December 1996. Subject to approval by Parliament (under the affirmative resolution procedure) and the European Commission, the majority of the changes will come into effect from April 1997.

4.54 In 1996, 95.6% of applications were approved and 99.3% of claims were paid within the Citizens Charter deadline.

4.55 The key task for 1997 will be to implement the agreed changes to the FWPS and the revised payment rates for the FWS and FWPS. Performance targets for the coming year are that applications will take 1 staff day and claims 0.25 staff days to process.

Table 19: Take up of Farm Woodland Premium Scheme in England

Year	1994-95	1995-96	1996-97 (Estimate)
Number of applications	693	690	289
Total ha approved	2,207	2,251	1,034
Broadleaf	2,018 (91%)	2,066 (92%)	904 (87%)
Conifer	189 (9%)	185 (8%)	130 (13%)
Arable land	1,378 (62%)	1,574 (70%)	843 (82%)
Improved grassland	762 (35%)	617 (27%)	169 (16%)
Unimproved land	67 (3%)	60 (3%)	22 (2%)

Countryside Management

Programme Code: RE3:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,018	1,018	1,105	1,105	1,105
of which payments to agencies	1,017	1,017	1,104	1,104	1,104
MAFF Administration Costs	382	389	429	438	438
Receipts	-1	-1	-1	-1	-1
Net Administration	381	388	428	437	437

4.56 This Programme, which covers England, has the objective of permitting the safe, efficient and humane control of mammals (such as rabbits, badgers, deer) and birds (such as geese, herons and cormorants), where they are in conflict with activities relating to agriculture, forestry, food, fisheries or property.

4.57 This objective is met by the provision of advice to affected individuals and the issuing of licences that permit or require individuals to take action to prevent damage being caused by particular pests.

Countryside Access Scheme

Programme Code: RE3:05

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		2,728	1,516	274	178	178
of which	payments to agencies	228	228	154	58	58
	payments to individuals	2,500	1,288	120	120	120
Territorial Scheme Costs		467	5	5	5	5
Total Scheme Cost		3,195	1,521	279	183	183
EU Receipts		-1,476	-40	-62	-62	-62
Non EU Receipts		–	-1	–	–	–
MAFF Administration Costs		117	60	63	61	62

4.58 The objective of this Programme is to encourage farmers with suitable land to create new opportunities for public access to the countryside.

4.59 The scheme operates in England and Wales as part of the Agri-Environment Programme introduced in the context of CAP reform and is part funded via IB by the EU. To be eligible land must be entered into the guaranteed set-aside option of the Arable Area Payments Scheme. Participants receive annual compensatory payments in return for creating 10m wide access routes and/or open spaces. The scheme opened in late 1994 and there have been 111 successful applications, significantly fewer than planned. An ADAS survey of farmers, commissioned by MAFF, revealed that the main reasons for the poor uptake were an unwillingness to allow the public onto farmland, and the perceived low payment rates. The first agreements commenced in January 1995 with more land entering the scheme in January 1996. Currently these have provided 83 km of routes and 1,492 ha of open space. A measure of effectiveness is the percentage of guaranteed set-aside land made available to the public. This reached 4.4% in 1996-97. The impact of the scheme will be evaluated in 1997-98.

4.60 It is intended to run the scheme alongside the access provisions of Countryside Stewardship from April 1997 and a key task will be to successfully manage the schemes in parallel.

Moorland Scheme

Programme Code: RE3:06

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		1,040	948	475	601	685
of which	payments to agencies	690	690	223	223	223
	payments to individuals	350	258	252	378	462
Territorial Scheme Costs		4,715	275	1,135	1,007	1,064
Total Scheme Cost		**5,755**	**1,223**	**1,610**	**1,608**	**1,749**
EU Receipts		-2,977	-120	-1,085	-939	-1,012
MAFF Administration Costs		258	263	149	149	149

4.61 The objective of this Programme is to encourage the conservation and enhancement of the quality and extent of semi-natural heather and shrubby vegetation of moorland to the benefit of its wildlife and landscape.

4.62 MAFF administers the Moorland Scheme in England, as part of the UK's Agri-environment implementation programme under EU Regulation 2078/92. The Scheme comprises payments to farmers over five years for each HLCA-eligible ewe removed from moorland to meet specific stocking density limits. Following limited uptake in 1995 the terms and conditions of the Scheme were revised for 1996. Payment per ewe removed from moorland was increased to £30. ADAS receives payment for developing management programmes and monitoring. The Scheme is partly funded by the EAGGF via IB.

Countryside Stewardship Scheme

Programme Code RE3:07

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	15,065	16,653	20,793	25,662	32,442
of which payments to agencies	2,840	2,840	3,657	4,142	4,142
of which payments to individuals	12,225	13,813	16,686	21,120	27,900
Territorial Scheme Costs	1,896	–	2,500	4,000	6,000
Total Scheme Cost	**16,961**	**16,653**	**21,293**	**29,662**	**38,442**
EU Receipts	-2,170	-3,328	-2,836	-4,480	-7,590
Non EU Receipts	-10	-10	-11	-11	-11
MAFF Administration Costs	1,633	1,646	1,897	2,016	2,018

4.63 The objectives of this Programme are:

- to conserve and enhance important English landscape (outside Environmentally Sensitive Areas), for their scenic beauty, wildlife, habitats, history and archaeology and
- to provide opportunities for people to enjoy the countryside.

4.64 In April 1996 the Ministry took over the administration of the Countryside Stewardship Scheme from the Countryside Commission, which had managed it as a pilot scheme since it was set up in 1991. This involved a transfer to MAFF and IB of some £13m and 47 staff. Schemes with broadly similar objectives are in place or proposed by the other three UK Agriculture Departments.

4.65 Following a review of environmental land management schemes the Government is expanding Countryside Stewardship to be the main incentive scheme for the wider countryside in England outside ESAs.

4.66 The scheme encourages farmers and land managers to enter 10 year management agreements. The eligible landscapes and features include chalk and limestone grassland; lowland heath; waterside land; the coast; uplands; historic landscapes; old traditional orchards; old meadows and pastures; community forests; the countryside around towns traditional field boundaries (hedges, stone walls, banks and ditches)and the margins of arable fields. In consultation with interested organisations certain key landscapes and features from this list are identified for each county, and these are given priority for the available funds.

4.67 MAFF pays ADAS for management of technical aspects of the scheme. Up to 50% of expenditure on farming activities (excluding that on capital works) will be funded via IB by the EU under the Agri-Environment Regulation 2078/92.

4.68 In the 1996 application year 1,350 new agreements were approved, a 26% increase over the number of agreements transferred to MAFF. The potential annual expenditure on applications received was £10 million, substantially in excess of the provision of £5m for new commitments. Approval was given to those applications which offered the highest value for money, taking account of the local priorities and the range of benefits to be expected from the agreements in terms of landscape, wildlife, history, resource protection and amenity.

Table 20: Area under Stewardship Agreement

Year	1993	1994	1995	1996 (Estimated)	1997 (Projected)
Area under Stewardship Agreement (ha)	75,675	87,319	92,585	107,600	122,600

4.69 MAFF will let by competitive tender a contract for monitoring the performance of the scheme, covering the years 1997/98-1999/2000. In 1998 MAFF will introduce a pilot scheme to test the extent to which arable farming methods can be improved to bring about benefits in biodiversity, including for farmland birds.

By implementing MAFF's CAP obligations efficiently, and by seeking a more economically rational CAP while avoiding discrimination against UK businesses

5.1 The UK's strategic objectives for the Common Agricultural Policy, which relate to all Programmes associated with the CAP, are:

- to reduce costs to consumers and taxpayers
- to bring agriculture closer to the market
- to avoid discrimination against our agriculture and food sectors
- to ensure environmental concerns are integral to the CAP
- to reduce bureaucracy.

5.2 MAFF has overall responsibility for policy on the CAP and for negotiating on it within the EU. The respective roles of MAFF, IB and the other Agriculture Departments are set out in Chapters 1 and 10, and paragraphs 5.6 and 5.10 below. A summary of EU CAP expenditure in the UK is provided in Annex 3. Key statistics can be found on pages 136-137.

Central Planning on CAP

Programme Code: CE1:01

£'000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	1,194	1,342	1,218	1,338	1,158

5.3 The objectives of this Programme are:

- to ensure that through a co-ordinated approach to negotiations within the EU, MAFF adopts a coherent and effective attitude to the CAP and its reform,
- to ensure that financial management and budgetary considerations are taken into account in all CAP decisions,
- to monitor and advise upon agricultural state aids, and
- to arrange for MAFF to fulfil its responsibilities to assist Parliament to scrutinise EU legislative proposals.

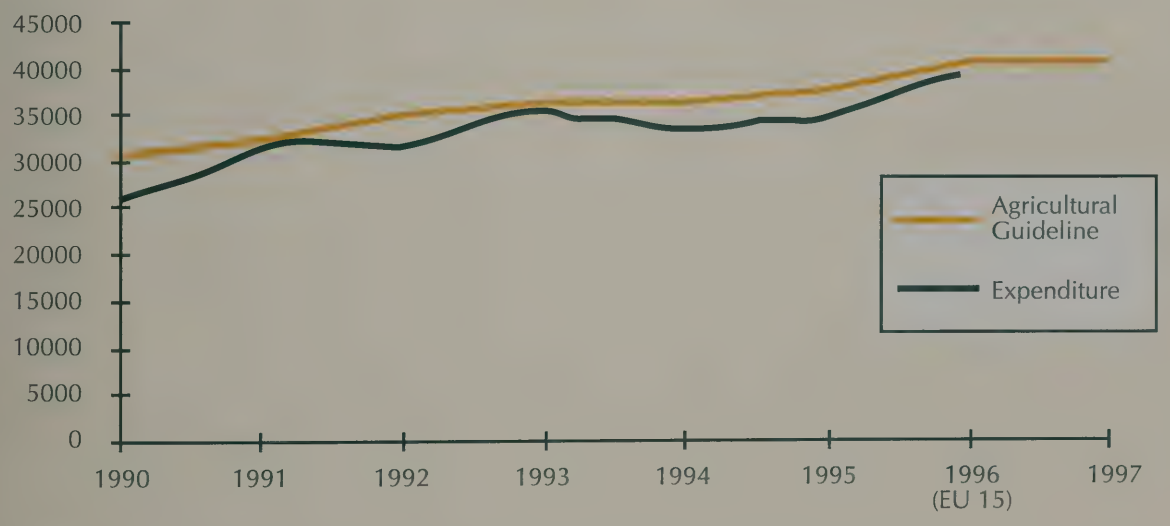
5.4 It also covers other issues and activities which cut across individual sectors, in particular policy on the agrimonetary system, the single market, EU enlargement, relations with EU institutions and bilateral relations with other Member States.

CAP Expenditure

5.5 Expenditure in the UK on CAP measures is funded in the first place by the UK Exchequer and later reimbursed (partly or fully) by the EU. The UK contributes to this reimbursement through its payments to the EU budget. It contributes more overall to the EU budget than it receives back, but the net cost to the UK is reduced by the abatement mechanism agreed at Fontainebleau.

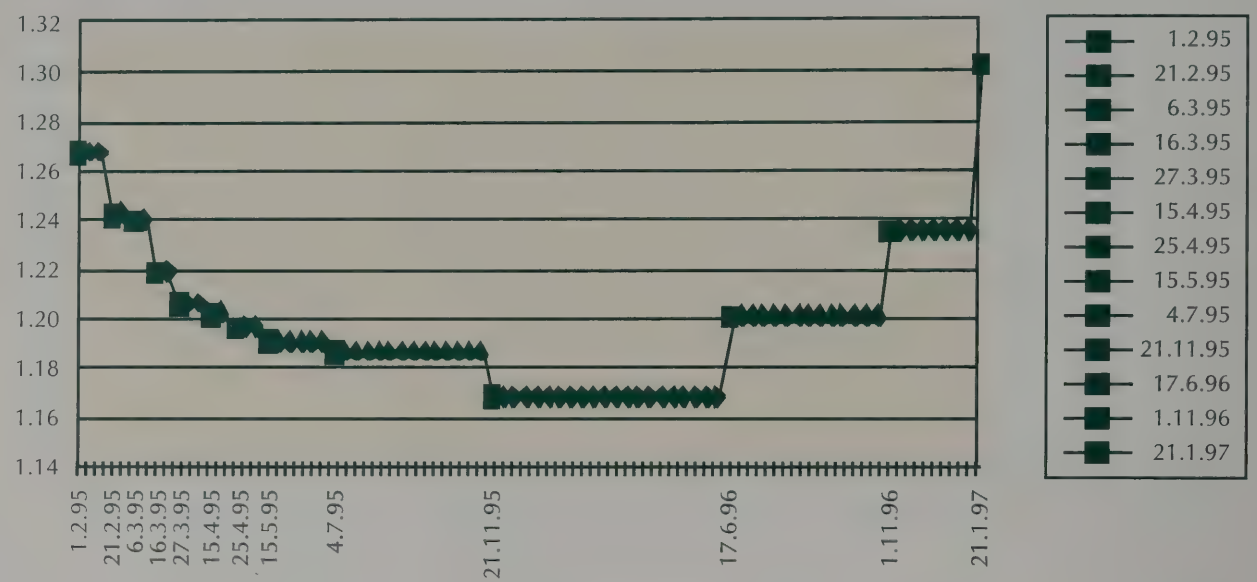
5.6 CAP schemes can be divided into two categories: market intervention to support prices; and direct payments to producers based on livestock numbers, crop acreage, etc. The first category, involving trader-based measures such as intervention purchasing, storage and export refunds, are, in general administered by IB, the second by MAFF and the other Agriculture Departments. A list of all paying agencies can be found in Chapter 1.

Figure 2 EU expenditure on agricultural support (MECU)



5.7 CAP support expenditure and receipts for specific sectors is set out in Annex 3. Figure 2 above illustrates the development of EU expenditure on agricultural support and its relation to the agricultural guideline. The degree of subsidy provided to EU producers, as measured by the Producer Subsidy Equivalent, is shown in Table 21. The PSE is a calculation of the value of transfers to EU farmers and includes both the effect of intervention measures (measured by the difference between world and EU agricultural prices) and direct payments to farmers. Developments in the UK's green rate, through which CAP prices and amounts are converted to sterling, are illustrated in Figure 3.

Figure 3: UK Green Rate Movements Since 1 February 1995



CAP Reform

5.8 MAFF continued to develop and press the case for further, more radical, CAP reform to deal with anticipated pressures on this policy resulting from the GATT Uruguay round (the next WTO round negotiations on agriculture beginning in 1999) and EU enlargement to the East. This meant influencing the Commission in carrying out the Madrid European Council remit to develop the thinking on enlargement and CAP reform set out in its report to that Council. The Commission is expected to report during 1997. The Commission is also committed to present to Council during 1997 proposals on the future of the dairy regime (see Programme CE1:24 Milk and Milk Products) and has been asked by the Council to propose reforms to the beef regime (see Programme CE1:20 Beef) to take account of the changed situation in the beef market. The Commission held a major conference in Cork in November 1996 to debate with representatives of the Member States, applicants for EU membership and interested organisations the development of a broad rural policy as part of CAP reform. The UK participated fully. Taking all this work forward will be an important task in the coming year.

5.9 During the course of 1996 the Council reached agreement on support prices for the 1996-97 marketing year and on a number of related measures. In addition, the Council:

- reached agreement on the reform of the fruit and vegetables regimes. The outcome of this lengthy negotiation was consistent with UK objectives and will reduce significantly the role of withdrawal and destruction of produce as instruments of market support;

- agreed a number of emergency measures to support the market and beef producers' incomes in response to the BSE crisis. These are described in more detail in Programmes PP1:04 BSE and CE1:20 Beef in particular, with an overview at Chapter 2.
- fixed a single rate of set-aside for the 1996-97 crop at 5%.

Table 21: Net total Producer Subsidy Equivalent in the EU

	EU12				EU15			
	1991	1992	1993	1994	1995 (Prov)	1996 (Est)	1997 (Proj'n)	1998 (Proj'n)
Net PSE (nominal million ecu (mecu))	67,374	64,609	66,800	68,514	74,137	75,600	69,800	67,300
PSE as % by value of EU agricultural production	48	47	49	49	49	47	48	47

Note: Data for 1991-1995 are those published by OECD and include newly acceding Member States from 1995. Data for later years are MAFF estimates and projections.

Financial Management of the CAP

5.10 In order to implement new Council rules on the financial management of the CAP, IB was appointed Co-ordinating Body to act as a single contact point with the Commission and promote the harmonised application of EU rules by accredited paying agencies. Following independent audit by the NAO to confirm its ability to conform to the new rules, MAFF was accredited as the agency for making direct payments to farmers in England, accounting for about 57% of CAP expenditure in the UK.

5.11 The arrangements for monitoring MAFF's compliance with EU financial management rules were reviewed. A formal procedure was introduced to inform senior management as soon as a threat of disallowance (the refusal by the Commission to reimburse CAP expenditure from Community funds) was identified, to enable action to be taken to minimise the risk.

5.12 A key task identified for 1996-97 was to submit by the prescribed deadline 100% of claims for reimbursement of expenditure under the EAGGF guidance section in order to ensure that none of the funds were lost. The task was achieved with claims for reimbursement of £19 million being duly submitted by 30 June 1996. In view of the critical importance of ensuring that reimbursement is made fully and punctually, this remains a key task for 1997-98.

State Aids

5.13. During April-July 1996 the UK secured rapid and smooth clearance from the Commission for six nationally funded schemes to assist the UK beef and related industries in the wake of the BSE crisis, totalling approximately £250 million of support. (See Chapter 2 and Programmes PP1:04 and CE1:20). MAFF also continued to press the Commission to improve

the transparency and effectiveness of its procedures for dealing with agricultural state aids. In this context, the UK tabled a proposal in the Inter Governmental Conference, designed to apply the state aid provisions of the Treaty equally to all agricultural products, whether covered or not by a CAP market regime.

Parliamentary Scrutiny

5.14 For Parliamentary Scrutiny procedures to operate, MAFF must supply explanatory memoranda on EU legislative proposals that fall within its area of responsibility. The aim is to ensure that they are accurate, complete, and submitted on time. They must be intelligible to those unfamiliar with the subject matter. CAP and CFP are especially active areas for Community measures, with the result that MAFF submits many more memoranda than most other Departments. Over 300 memoranda, including supplementaries, were supplied in 1996.

Integrated Administration and Control System (IACS)

Programme Code: CE1:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,119	1,119	1,260	1,234	1,234
EU Receipts	-530	-327	-500	-500	-500
MAFF Administration Costs	5,062	5,593	6,372	5,879	5,747
Receipts	-534	-544	–	–	–
Net Administration	4,528	5,049	6,372	5,879	5,747

Note: Receipts as payments for activities undertaken on behalf of IB now appear under CE1:24 Milk and Milk Products, along with the associated Administration Costs.

5.15 The objectives of this Programme are:

- to ensure that the Integrated Administration and Control System (IACS), which is an EU anti-fraud measure, is administered efficiently, effectively and economically
- to protect expenditure under the farm-based aid schemes which it covers through its diligent administration.

5.16 MAFF is responsible for administering IACS in England and is the competent authority for co-ordinating the development of IACS by all Agriculture Departments. Certain of the IACS system set-up costs incurred up to the end of the transitional period (originally 1 January 1996), including IT development costs, are part-funded from EAGGF. Payments are also made under this Programme for remote sensing, which is part-funded from EAGGF.

5.17 The IACS system requires farmers to submit an annual application providing details of their farmed land on a field by field basis. These details are held in a computerised database which provides the basis of co-ordinated checks on subsidy claims for Arable Area Payments, Beef Special Premium, Suckler Cow Premium, Sheep Annual Premium and Hill Livestock Compensatory Allowances.

5.18 In April 1996 the European Commission reported to the Council on the application of IACS in the Member States and proposed that the implementation deadline and associated co-financing should be extended to the end of 1996. In 1995, checks on Area Aid applications were completed in time for extraction of data for the Field Data Printout for issue to farmers with their IACS documentation at least two months before the deadline for applications. MAFF will continue to use remote sensing as part of its overall strategy for evaluating the accuracy of claims submitted under IACS.

5.19 Following initial IACS implementation, the work of this Programme will be developed towards further harmonisation of procedures between schemes and implementation of IACS-type controls in other areas such as in respect of agri-environment measures.

REGIONAL SERVICE CENTRES

MAFF's regional administrative structure consists of nine Regional Service Centres (RSCs) located at Bristol, Cambridge, Carlisle, Crewe, Exeter (with a small outstation at Truro), Northallerton, Nottingham, Reading and Worcester. The RSCs' primary role is the delivery of CAP Schemes to farmers and growers so their work relates to many Programmes. Each RSC is headed by a Regional Director and each has a Regional Panel, appointed by Ministers, whose membership includes farmers, landowners and environmentalists. The main functions of the Panels are to help maintain a communication link between MAFF and its customers, and to advise Ministers on the impact of policies at the local level.

Arable Area Payments

Programme Code: CE1:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,174,451	1,108,560	1,086,171	1,086,171	1,086,171
of which payments to agencies	664	664	648	648	648
of which payments to individuals	1,173,387	1,107,496	1,085,223	1,085,223	1,085,223
Territorial Scheme Costs	175,714	169,370	166,152	166,152	166,152
IB Scheme Costs	-6	-6	-6	-6	-6
Total Scheme Cost	**1,350,165**	**1,277,924**	**1,252,317**	**1,252,317**	**1,252,317**
EU Receipts	-1,349,101	-1,276,860	-1,251,369	-1,251,369	-1,251,369
Other Receipts	–	–	-1	-1	-1
MAFF Administration Costs	8,180	8,645	7,157	7,259	7,268

Note: Residual activities under CE1:04 Five Year Set-Aside & Pilot Extensification Schemes are included under this Programme for future years, following final payments under these Schemes in 1996-97.

5.20 The objectives of this Programme are:

- to administer the Arable Area Payments Scheme (AAPS) efficiently in England,
- to seek effective implementation and enforcement across the EU.

5.21 This CAP scheme, which began in 1993, offers direct area payments to growers of cereals, oilseeds and protein crops (market support schemes for the relevant crops are dealt with under separate Programmes). All but those claiming on a very small area have to set aside land in order to qualify for the payments. Each producer is required to make a fresh application each year; details of the areas claimed in the previous year are returned to farmers to help them complete the new application. Payment rates differ, reflecting differing regional yields and crop groups. The rates paid under the AAPS in England for 1996 were £266.87/ha for cereals; £448.15/ha for oilseeds; £385.48/ha for proteins; £516.16/ha for linseed; and £338.03/ha for set-aside. All Arable Area Payments are fully refunded by the EU via the Intervention Board (IB).

5.22 In 1996, as in 1995, MAFF received just under 47,000 applications for the main AAPS, covering almost 3.7 million hectares of land (UK total – 4.34m ha). 99% of advance oilseed payments and 98% of main payments were made within the relevant payment windows (by 30 September and 31 December respectively). Following an over-shoot of the base area for maize in England, claims were reduced by 24%.

5.23 EAGGF clearance of accounts procedures undertaken by EU auditors, which identify any failures in the application of scheme controls, will be used to measure scheme effectiveness. There are penalties for such failures; monies may not be reimbursed by the EU if there are late payments, and monies may be recovered by the EU for failure to effect proper controls. MAFF has set itself two targets for administration of the AAPS. Firstly, that at least 96.15% of claims by value should be processed by the relevant EU deadline; and secondly, that no more than 0.4% of scheme expenditure in any one year should be "disallowed" by the EU for reasons of lateness or inadequacy of financial controls.

5.24 The main EU decisions in 1996 were to remove the requirement that set-aside should be rotated around a holding and to set a standard rate for obligatory set-aside at 17.5% of the area claimed by each producer. The Council also provided that this percentage might be varied for a particular year, and in July it decided that a rate of 5% should be set for the 1997 crop year. This fulfilled a MAFF aim that decisions on set-aside should be taken sufficiently early to allow farmers to make appropriate planting decisions and this will continue to be an aim for future years.

5.25 Other significant decisions included a Council agreement to waive any penalty set-aside in 1997 that would otherwise have resulted from an over-shoot of the base area in 1996, and, following representations by the UK, the Commission's acceptance that certain small-scale local or charitable fund raising events may be held on set aside land without any penalty to the farmer.

5.26 During 1996 the Commission also brought forward proposals for reductions in the rates of aid on cereals, oilseeds, linseed and set-aside to apply from the 1997 harvest year as part of a package of measures to support the beef market. In October 1996 the Council agreed to alter the timing of the advance payment on oilseeds so that they take place after 16 October from 1997 onwards but no decision has yet been reached on the proposed reductions in the rate of aid.

BSE: Relaxation Of Set-aside Rules

5.27 The BSE crisis in the spring of 1996 made it necessary for farmers to hold on farm far larger numbers of adult cattle than normal. This placed considerable pressure on the available grazing land. Following a request from the UK, the EU Cereals Management Committee agreed at its 23 May meeting that, in the UK only, cattle aged over 30 months could graze set-aside land until the end of the set-aside period on 31 August 1996. The relevant EU Regulation came into effect on 21 June, as did the UK implementing rules. In total 1,240 farmers in England applied to take advantage of the derogation. The existing EU rules on set-aside allow farmers to graze their own animals, or someone else's provided there is no return to the landowner, from 31 August to 15 January each year.

Five Year Set-Aside and Pilot Extensification Schemes

Programme Code: CE1:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,192	3,177	–	–	–
of which payments to individuals	3,192	3,177	–	–	–
Territorial Scheme Costs	1,225	704	–	–	–
Total Scheme Cost	**4,417**	**3,877**	**–**	**–**	**–**
EU Receipts	-2,714	-2,717	–	–	–
Other Receipts	–	-1	–	–	–
MAFF Administration Costs	129	112	–	–	–

Note: This Programme closes on 31 March 1997 following final payments under these Schemes. Residual activities, including recoveries of overpayments, are shown under CE1:03 Arable Area Payments for future years.

5.28 This Programme consists of voluntary schemes under which farmers agreed, for five years, to take arable land out of production or reduce their sales of beef cattle and sheep in return for annual payments. The payments are partly funded by the EU. The schemes, which were described in more detail in the 1995 MAFF/IB Departmental Report, have been closed to new applicants since reform of the CAP in 1992. All the agreements terminated during 1996.

5.29 In implementing these EU schemes, MAFF sought to maximise the environmental benefits. The arrangements for Five Year Set-Side allowed participants whose agreements came to an end to keep their land set-aside under the Arable Area Payments Scheme (Programme CE1:03). In addition, land coming out of the scheme is eligible to enter Agri-Environment schemes such as the Habitat Scheme. In this way, some of the environmental benefits generated by the scheme will have been retained.

Cereals (including rice)

Programme Code: CE1:10

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	229	229	227	227	227
of which payments to agencies	103	103	101	101	101
IB Scheme Costs	74,170	39,069	119,895	115,637	113,118
Total Scheme Cost	**74,399**	**55,670**	**120,122**	**115,864**	**113,345**
EU Receipts	-63,128	-34,350	-87,899	-98,472	-106,162
MAFF Administration Costs	527	615	519	511	511

1995 UK production 21,861 thousand tonnes(tht); output £2,921m; imports 2,681 tht; exports 5,151 tht
1996 UK production 24,506 tht; output £3,042m

5.30 The objectives of the Programme are:

- to protect the interests of UK consumers, producers, traders, and processors of cereals and rice, while taking into account international obligations and other Government policies,
- to seek adaptation of EU policies in a more market-oriented direction.

5.31 The Programme mainly comprises market support expenditure by IB (refunded by the EAGGF); area payments are provided for under Programme CE1:03. It includes MAFF's responsibility for and relations with the Home Grown Cereals Authority (HGCA).

5.32 UK intervention stocks, already low at 16,800 tonnes at the beginning of January 1996, fell to zero for the first time since 1979. For comparison, in 1986, there were 6 million tonnes of cereals in UK intervention.

5.33 A performance indicator of effectiveness under the Programme is the relationship between EU market prices and the intervention price, with the aim that market prices should represent between 106 to 110% of the intervention price. At the beginning of the year, EU market prices exceeded this percentage by, for example, as much as 40% for bread-making wheat. This was primarily due to high world prices, which had in turn pushed up EU prices. EU export levies on barley and wheat, provided for since the end of 1995, were maintained until September 1996 and helped to contain internal market prices. This was in line with the Commission's commitment, secured by the UK, to moderate internal EU prices and ensure security of supply to the consumer. Expenditure on market support measures remained low throughout the EU as a result of these developments. However, the large 1996 harvest, coupled

with good harvests elsewhere in the world, led to a rapid reduction in prices towards the end of the year and some grains are now trading at intervention price levels. This is likely to lead to increased expenditure on market support in 1997.

5.34 A key task for the future will be to continue to ensure that EU market management decisions take due account of the interests of consumers, including livestock producers, within the EU. In this regard, the relationship between EU market prices and the intervention price will continue be of relevance as an indicator of effectiveness of performance.

Home Grown Cereals Authority

5.35 The HGCA is a statutory non-Departmental public body (NDPB) funded by a levy on the industry. Its objective is to improve the production and marketing of UK cereals and oilseeds. It also acts as an agent for the IB for certain cereals intervention operations. MAFF makes an annual payment (currently £105,000) in return for provision of HGCA's market information service.

Oilseeds and other Arable Crops

Programme Code: CE1:11

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	131	131	128	128	128
of which payments to agencies	131	131	128	128	128
IB Scheme Costs	19,318	16,959	19,747	19,747	19,747
Total Scheme Cost	**19,449**	**17,090**	**19,875**	**19,875**	**19,875**
EU Receipts	-19,318	-16,959	-19,747	-19,747	-19,747
MAFF Administration Costs	348	368	308	309	309

1995 UK oilseed production 1,235 tht; output £363m; imports 522 tht; exports 41 tht
1996 UK oilseed production 1,453 tht; output £419m
1995 UK protein crop production 547 tht; output £137m
1996 UK protein crop production 558 tht; output £140m

5.36 This Programme covers support under the CAP for non-cereal arable crops and olive oil, as well as co-ordination of Departmental policy on herbicide tolerant crops. The Programme objectives are:

- to safeguard the interests of producers, processors and consumers as far as possible, bearing in mind international commitments and financial and resource costs and
- to pursue the reform of those CAP regimes where this has not already been achieved, seeking greater transparency and reduced costs.

Oilseeds, Protein Crops and Linseed

5.37 Oilseeds, protein crops (rapeseed, sunflower seed and soya beans) and linseed are eligible for payments, linked to set aside, under the Arable Area Payments Scheme (see Programme CE1:03). The key task for 1996/97 has been to ensure that corrective measures required under an agreement between the EU and the US were implemented equitably and without imposing unnecessary burdens on producers or processors. The agreement requires action when the by-products (meal) from oilseeds grown on set aside land exceed one million tonnes of soya meal equivalent. This task remains uncompleted pending production of revised proposals by the EU Commission.

Dried Fodder, Olive Oil, Flax, Hemp, Cotton and Grain Legumes

5.38 Growers of flax and hemp also receive area payments, though these are separate from the main Arable Area Payments Scheme. EU flax aid rates for 1996/97 were cut by 7.5% in the price package pending further Council consideration of proposals to curb the rapidly growing cost of the regime. A continuing key task for 1997/98 will be to ensure that any changes agreed, whilst controlling expenditure, do not stifle the development of new uses of flax fibre.

5.39 A reform of the cotton regime was agreed in 1995. As part of the 1996 price fixing, further changes were agreed to make calculation of advance and final aid payments easier and more transparent.

5.40 Proposals to reform the olive oil regime are expected from the Commission. Support is currently paid mainly to growers, but there is also a consumption aid paid to bottlers of olive oil, to make it more competitive with other vegetable oils. A key task in 1997/98 will be to look for changes to simplify the regime, to make it less open to fraud, and to reduce cost.

Sugar and Tobacco

Programme Code: CE1:12

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1	1	1	1	1
IB Scheme Costs	134,669	122,612	123,592	123,592	123,592
Total Scheme Cost	**134,670**	**122,613**	**123,593**	**123,593**	**123,593**
EU Receipts	-134,669	-122,612	-123,592	-123,592	-123,592
MAFF Administration Costs	270	295	264	263	263
Receipts	-22	-22	-23	-23	-23
Net Administration	248	273	241	240	240

1995 UK sugar production from beet 1,220 tht; output of sugar beet £323m; sugar imports 1,242 tht; exports 496 tht
1996 UK sugar production from beet 1,350 tht; output of sugar beet £360m

5.41 The objectives of this Programme are:

- to ensure UK sugar interests (including those for the beet and cane industries and of the consumer) are safeguarded as far as possible within the context of international obligations, EU policies and financial considerations.
- to promote budgetary discipline in the tobacco regime, and, as far as possible, health considerations in the Community regime.

Sugar

5.42 The CAP for sugar, administered by IB in the UK, relies on market support through intervention prices, import tariffs and export subsidies, all within the framework of production quotas. There is a scheme for making low cost sugar available for non-food uses by the chemical industry. Much of the cost of these measures is met from levies on production, shared between beet growers and processors. Payments are made on quota sugar held in store by traders to help ensure a constant supply onto the market of a product the processing of which has to be concentrated in a few months. These payments are financed by a separate levy on first marketings of quota sugar. The net cost of the regime to the EU budget is therefore comparatively low, although for technical reasons the receipts of some £68m per year are classified as revenue (EU Own Resources) rather than EAGGF receipts, and therefore do not feature in the above table. The price of sugar is however kept artificially high, imposing a substantial burden on consumers.

5.43 The CAP regime also covers cane sugar both produced in Member States and imported. The Lomé Convention/Sugar Protocol enables a given quantity of cane sugar to be imported into the EU at zero duty. No production levies are charged on this and the EU budget bears the cost of export subsidies for an equivalent volume of EU sugar and of aid paid to refiners of cane sugar.

5.44 No major changes occurred in 1996 as the sugar regime for the six years from 1995-2001 was agreed in April 1995. However, measures to implement the Uruguay Round GATT agreement were negotiated and agreed to the general satisfaction of the UK interests within the constraints of the agreement. For the future, a key task will be to continue to press for cuts in support price levels.

5.45 MAFF also services the Sugar Beet Research and Education Committee, which is appointed by the Minister and the Secretary of State for Wales to advise on an annual programme of research and education in matters affecting the growing of home-grown sugar beet. The £2 million programme is funded by a levy paid by UK sugar beet growers and the UK sugar processor. During 1996 as planned, the Committee adopted a new and more focused project commissioning system. This search for better value for money will continue.

Tobacco

5.46 The UK does not grow tobacco The regime does not directly affect the price to consumers as the tobacco fetches the going market price, and the Community imports over two-thirds of its requirements. However, the cost of support which is paid directly to the producer is the highest per hectare of all the CAP. Action in 1996 secured prevention of increase in overall expenditure on tobacco.

5.47 The scheme is to be reviewed with a view to making changes in time for the 1998 harvest. A key task in this review will be to seek changes which reflect UK concerns such as contradictions between promoting tobacco production and spending money to promote better health.

Alcohol and Alcoholic Drinks

Programme Code: CE1:13

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	402	402	407	407	407
of which payments to agencies	14	14	14	14	14
IB Scheme Costs	15,247	7,421	16,441	16,441	16,441
Total Scheme Cost	**15,649**	**7,837**	**16,848**	**16,848**	**16,848**
EU Receipts	-15,247	-7,421	-16,441	-16,441	-16,441
MAFF Administration Costs	400	437	394	394	394

5.48 The objectives of this Programme are:

- to safeguard and promote the interests of UK producers, traders and consumers of alcoholic drinks,
- to seek to make the CAP regimes for these products more cost-effective and efficient,
- to secure more effective enforcement of EU alcoholic drinks legislation throughout the EU in the interests of UK producers, consumers and taxpayers and
- to ensure the most cost-effective enforcement of such legislation in the UK.

5.49 Exports of Scotch whisky world-wide were worth £2,277m in 1995, of which £1,286m went outside the EU. IB administers payments to whisky distillers reflecting the gap between EU and world cereal prices in respect of exports from the EU. IB costs, fully met by the EAGGF, have fallen again this year as the price gap has further reduced. Expected expenditure under the scheme for 1996/97 is £10 million. In 1996, the UK again successfully resisted moves to abolish the payments, and will continue to defend them so long as levels of EU cereals prices would otherwise disadvantage the industry.

5.50 Expenditure under the CAP wine arrangements in the UK is administered by IB, and is limited to subsidies on the price of concentrated grape must (juice) of EU origin used to produce "made" wine. The subsidy is designed to increase the use of Community must. The British wine industry and the makers of home wine kits receive a subsidy of 20p and 26p per kilogram respectively. The estimated cost of the scheme in 1996-97 is £0.4m.

5.51 There has been no progress during 1996 on the Commission's 1994 proposals for reform of the CAP for wine due to lack of consensus between Member States. The key aim remains the adoption of cost effective arrangements which discourage surplus production and do not

impose unnecessary restrictions on the UK's own wine production. The UK will continue to press for progress on reform.

Table 22: Alcoholic Drinks: Production and Trade 1995

'000 hectolitres of pure alcohol		Spirits	Beer	Wine	Cider, Perry and made wine (a)
UK Production		4,516	2,300	1	244
Trade	Imports	410	260	948	16
	Exports	3,159	122	18	11
Value of Production in £ million (b), (c)		2,353	5,224	65	583

Notes:(a) Wine manufactured from imported grape must
(b) Figures are for 1993, and are the latest available
(c) Comprises sales of goods produced, receipts for work done and services rendered

Wine Standards Board

5.52 The Wine Standards Board (WSB) is an NDPB whose function is to ensure compliance with EU wine law in the UK at all stages other than retail. It provides technical advice, undertakes inspections of establishments, and follows up irregularities, including preparation of prosecution cases. The Vintners' Company, a city livery company, contributes £105,000 annually to its cost, as well as a subsidy on accommodation costs. MAFF's contribution in 1996-97 is budgeted at £369,000.

5.53 The Wine Standards Board publishes a Code of Enforcement which is made available to all traders and vineyard owners. This sets out the standards of service to be expected from the Inspectorate.

Beef

Programme Code: CE1:20

£ '000		Planned	Estimated Outturn	Plans		
		1996–97	1996–97	1997–98	1998–99	1999–2000
MAFF Scheme Costs		205,356	445,283	228,739	228,736	228,736
of which	BSPS Supplementary Payments	–	23,611	–	–	–
	SCPS Supplementary Payments	–	33,618	–	–	–
	BMPS	–	15,200	–	–	–
	BMPS II	–	15,200	–	–	–
	Aid to the Slaughterers	–	25	–	–	–
	Aid to the Renderers	–	118,000	–	–	–
of which	payments to agencies	43	43	50	50	50
	payments to individuals	205,098	299,159	228,471	228,471	228,471
IB Scheme Costs		78,211	1,194,866	678,979	591,796	498,174
of which	OTMS	–	863,312	311,364	333,997	325,326
	CPAS	–	53,785	51,907	51,922	51,927
	Support to the Disposal chain	–	–	59,000	–	–
	Disposal Service,	–	64,262	3,000	–	–
	Write off and Disposal of Intervention stocks	–	2,056	–	–	–
	Beef Intervention	–	178,386	244,575	191,367	106,411
Territorial Scheme Costs		249,589	363,700	271,919	271,919	271,919
Total Scheme Cost		**533,156**	**1,848,146**	**1,179,637**	**1,094,451**	**998,829**
EU Receipts		-523,185	-1,223,732	-903,243	-851,848	-808,905
MAFF Administration Costs		9,227	15,332	10,384	9,864	9,846

Note: The MAFF Scheme total in this table includes the additional package agreed at the December Agriculture Council which has not yet been allocated to Programmes.
1995 UK production 996 tht; output £2,614m; imports 210 tht; exports 325 tht
1996 UK production 708 tht; output £1,962m

5.54 Following the joint Ministerial announcement on a possible link between BSE and a new variant of Creutzfeld-Jakob Disease (CJD) on 20 March 1996 the major task under this Programme during the year was coping with severe market disturbance in the beef sector. See also Chapter 2 for an overview and summary of other Programmes affected.

5.55 The objectives of this Programme are:

- to promote and protect the interests of UK consumers, producers, traders and processors in the beef sector,
- to ensure that CAP decisions affecting the sector take due account of UK interests and are cost and resource effective,
- to administer premium schemes (Suckler Cow Premium Scheme, including Suckler Cow Premium Quotas, and Beef Special Premium Scheme) efficiently and effectively,
- to help promote production and marketing patterns which reflect the needs of domestic consumers and export market opportunities in consultation with the industry,
- to avoid intervention in the UK except in an emergency.

5.56 The scheme costs include UK market support expenditure by IB and payments under the schemes run by Agriculture Departments. The majority of these costs are fully funded by the EU through the IB. Expenditure under this Programme also includes BSE related measures including supplementary premium payments, aid to the Disposal chain, the Over Thirty Month Scheme (0TMS) and the Calf Processing Aid Scheme (CPAS) but not the Selective Cull or additional SBM Enforcement measures which are contained within the Programme PP1:04 BSE. The additional Intervention costs resulting from the BSE crisis are shown here.

Major decisions taken during the year

5.57 Decisions taken during 1996 to cope with the BSE crisis were as follows:

- EU Calf Processing Aid Scheme (CPAS) implemented in the UK with effect from 22 April to remove from the market calves which could no longer be exported.
- Over Thirty Months Slaughter Scheme (OTMS) introduced in the UK with effect from 3 May.
- Beef intervention buying-in commenced in the UK on 29 March. In May the Commission extended intervention coverage to include young bulls as well as steers, thus providing market support for a larger proportion of UK production.
- Supplementary payments under the Suckler Cow and Beef Special Premium Schemes, worth £23.13 and £19.70 per head, began in August.
- Beef Marketing Payment Scheme introduced on 2 August to support producers who had been adversely affected by the fall in market prices of cattle marketed for slaughter for human consumption between 20 March and 30 June 1996, giving payments of £66.76 per head. Second Beef Marketing Payment Scheme introduced on 2 December aimed at supporting producers who had marketed cattle for slaughter for human consumption between 1 July and 30 September 1996, giving payments of £55.00 per head. The second scheme was extended on 28 January 1997 to cover cattle marketed for slaughter for human consumption between 1 October and 9 November 1996.
- On 1 November, advance payments under the Suckler Cow and Beef Special Premium Schemes were made at a rate of 80% rather than the usual 60%.
- On 30 October, the Agriculture Council reached agreement on a package of short-term measures designed to address the imbalance between production and consumption.

- A Commission proposal to provide 500 mecu of additional aid to EU beef producers was agreed formally by the Agriculture Council in December. The UK share, amounting to £52 million, is being targeted primarily at suckler cow producers. Payments will begin in late February 1997. It is proposed to use £2.5m of the available funds to help the Meat and Livestock Commission (and the Livestock and Meat Commission in Northern Ireland) run promotional campaigns for beef.

The way ahead

5.58 The Council of Agriculture Ministers has accepted the need for a full review of the CAP beef regime. Commission proposals are expected in the Spring. The Council has undertaken to reach agreement on these by the end of 1997, with a view to their being implemented in 1998.

- Over the next few months, an exit strategy for the Over Thirty Months Scheme will be developed.
- A Beef Conference will be held in March to help define a strategy for the long term recovery of the UK beef industry.

Beef consumption

5.59 UK beef consumption has been falling at about 2½% per year over the last decade. Public concern about BSE in November 1995 and March 1996 resulted in further falls of 10% and 20% respectively and in the second quarter of 1996 consumption was 30% below the trend. There has been some recovery in the third and fourth quarters to between 15% and 20% below trend but the recovery is fragile. Over all, consumption in 1996 will be around 18% lower than that in 1995. It is expected that during 1997 there will be a continuing slow recovery.

5.60 The problems affecting the beef market (see Chapter 2, paras 2.18-2.19) necessitated emergency financial support to the slaughtering and rendering industries, and for the disposal of unsaleable beef stocks. Responsibility for all disposal chain support, including the successor to the Rendering Industry Support Scheme, will transfer to the IB in 1997-98.

Sheep

Programme Code: CE1:21

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	209,853	199,525	175,140	178,222	178,222
of which payments to agencies	86	86	92	92	92
payments to individuals	209,766	199,438	175,047	178,129	178,129
Territorial Scheme Costs	300,579	281,287	250,948	255,578	255,578
IB Scheme Costs	2,980	-2,783	2,427	2,427	2,427
Total Scheme Cost	**513,412**	**478,029**	**428,515**	**436,227**	**436,227**
EU Receipts	-504,636	-473,604	-428,399	-436,111	-436,111
MAFF Administration Costs	4,654	4,926	3,309	3,345	3,349

1995 UK production 401 tht; output £1,281m; imports 147 tht; exports 190 tht
1996 UK production 374 tht; output £1,391m

5.61 The objective of this Programme is to seek to ensure that the Community sheep market is managed efficiently and cost-effectively and with due regard to the interests of the UK.

5.62 The plans for the future are:

- to encourage the Commission to manage the market in such a way as to prevent the need for Private Storage Aid,
- to seek to reduce the continuing high costs of the sheepmeat regime, in particular by reducing the basic price for sheepmeat.

BSE and Sheep

5.63 On 15 September, the "Heads of Sheep and Goats Order 1996" came into force and made it an offence to sell for human consumption any part of sheep or goat heads, and also food containing such parts. This was introduced as a precautionary measure, based on advice from the Spongiform Encephalopathy Advisory Committee (SEAC) relating to a hypothetical risk of BSE in sheep.

5.64 From March onwards, market prices in the sheep sector increased dramatically, reflecting a switch in consumer demand from beef to sheepmeat following the Government's announcements on BSE and CJD. During April, the average market price was 40% above 1995 levels, and thereafter until the end of the year some 20% up on the same period in 1995. In and

around April sheepmeat exports declined – possibly because of high market prices and the knock-on effects of consumers' concern in Europe about the safety of British meat – but recovered after mid-May. After the end of March, live exports virtually ceased as the ban on the export of live calves made it unprofitable to ship live sheep alone. Sendings increased during mid-May – July but then fell again, possibly due to currency factors and to "anti-BSE measures" introduced by some Member States.

Sheep Annual Premium Scheme

5.65 Producers receive payments on eligible ewes linked to the EU average market price of sheepmeat. For the 1996 Scheme, the total premium was £13.66 per ewe. In addition, a supplement of £5.38 per ewe was paid to producers in the Less Favoured Area. Payments are limited by quotas as for Suckler Cow Premium. Total sheep premium quota is 8.6 million units in England (UK 19.6 million).

Market Support

5.66 The sheepmeat Private Storage Aid Scheme, administered by the IB, is an EU-wide scheme fully funded by the EAGGF. It is expected to cost £2.8m in the UK in 1996/97. IB receipts, arising from the recovery of sheep export levies in operation until January 1992 but delayed by legal challenges, are estimated at a maximum of £1.3m depending on the outcome of the legal action.

Livestock Quotas

5.67 In June 1995 the High Court ruled that certain producers had been wrongly denied a share in the national reserve set up to handle hardship cases. Such producers were developing their holdings when quotas were introduced. In January 1996 the Agriculture Departments put in place arrangements for re-assessing applications from those previously rejected or deterred from applying to the 'developers' category of the 1993 National Reserve. Assessments were completed and quota awarded by the autumn of 1996. Producers adversely affected by the re-assessment are being compensated.

Wool

5.68 The British Wool Marketing Board continued to operate its statutory obligation to collect and sell almost all fleece wool. A review of the Board was carried out in 1995 as part of the regular programme of reviews of statutory bodies for which the Government is responsible. The final report, which was published in February 1996, concluded that the Board's current powers should be retained for the time being, but that the next review should be carried out in three years time.

Pigmeat (including farmed deer and venison and sponsorship of the Meat and Livestock Commission (MLC))

Programme Code: CE1:22

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	328	328	332	332	332
of which payments to agencies	44	44	48	48	48
IB Scheme Costs	1,800	1,042	2,450	2,450	2,450
Total Scheme Cost	**2,128**	**1,370**	**2,782**	**2,782**	**2,782**
EU Receipts	-1,800	-1,042	-2,450	-2,450	-2,450
MAFF Administration Costs	183	206	220	220	220

1995 UK production 1,012 tht; output £1,153m; imports 440 tht; exports 190 tht
1996 UK production 997 tht; output £1,316m

5.69 The objectives of this Programme are:

- to formulate UK policy for the pig industry,
- to ensure that EU policies affecting the pig industry take full account of UK interests,
- to promote the well-being of the British pig industry,
- to ensure that the Meat and Livestock Commission (MLC) operates in accordance with legislation.

Pigmeat

5.70 The CAP pigmeat regime requires producers to look to the market for their returns and provides only limited indirect support measures, operated by IB, through a system of import tariffs,export refunds, aids to private storage and exceptional support measures; the costs are fully reimbursed from the EAGGF. MAFF scheme costs represent MLC Commissioners' salaries and expenses and payments to ADAS.

5.71 The pigmeat market is cyclical. Market conditions for pig producers were very difficult during most of 1993 and 1994 but improved in 1995. The recovery continued into 1996 when prices reached record levels, although prices fell sharply towards the end of the year. During 1996 export refunds for pigmeat were reduced on several occasions to reflect improved market conditions. An Aids to Private Storage Scheme was also in operation for a short time as a result of problems over exporting pigmeat to Japan.

The Meat and Livestock Commission (MLC)

5.72 The MLC's main objectives are to improve the efficiency and competitiveness of the British redmeat industry in order to help it meet consumer requirements and to exploit marketing opportunities in EU and third countries. During the year MAFF continued to work closely with the MLC on a large number of issues, including BSE and beef promotion, abattoir rationalisation and a proposal to increase the levy ceilings.

Future Plans and Key Tasks

5.73 Activities in the coming year will seek to

- develop MAFF's sponsorship role in respect of the pig industry,
- ensure that the interests of the intensive livetock sector are taken into account when dealing with environmental protection measures,
- ensure that the appointment of the MLC's Chairman, Deputy Chairman and Commissioners are achieved within the required timescale and to the Minister's satisfaction.

Eggs and Poultry

Programme Code: CE1:23

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	44	44	94	94	94
of which payments to agencies	44	44	94	94	94
IB Scheme Costs	1,375	663	1,382	1,382	1,382
Total Scheme Cost	**1,419**	**707**	**1,476**	**1,476**	**1,476**
EU Receipts	-1,375	-663	-1,382	-1,382	-1,382
MAFF Administration Costs	1,141	1,272	1,108	1,109	1,109

1995 UK poultrymeat production 1,394 tht; output £1,325m; imports 219 tht; exports 155 tht
1996 UK poultrymeat production 1,455 tht; output £1,497m
1995 UK hen egg production 887 mdoz; output £390m; imports 42 mdoz; exports 16 mdoz
1996 UK hen egg production 889 mdoz; output £437m

5.74 The objectives of this Programme are:

- to promote the interests of UK consumers, traders, producers, and processors of eggs, poultry, and small farmed livestock,
- to promote the efficiency of the UK egg, poultry and small farmed livestock industries and ensure their ability to trade under conditions of fair competition,

- to seek to ensure that the CAP regime for eggs and poultry is effective and efficient in its use of resources and takes account of the needs of the UK trade and industry and consumers,
- to maintain quality standards in the egg market by applying effectively and economically the EC Egg Marketing Regulations in England and Wales.

5.75 The CAP regime for eggs and poultry requires producers to get their returns from the market. There is limited indirect support in the form of import tariffs, additional duties (if the market is threatened by low priced imports) and export refunds to compensate for higher production costs in the EU. The latter are administered by IB and reimbursed by EAGGF. The operation of the regime is constrained by commitments made under the GATT Uruguay Round. In particular, subsidised exports are subject to limits on volume and expenditure, which apply progressively each year until the year 2001. These restrictions did not depress the EU market as had been expected, nor were imports under the GATT minimum access quotas disruptive. Negotiations on implementation of the restrictions in GATT year 2 (starting July 1996) were concluded satisfactorily.

5.76 The egg market was generally good in 1996 with shell egg prices higher than in 1995. Although consumption of shell eggs decreased slightly, demand from the processing sector increased. The poultrymeat market enjoyed increased demand and improved producer profitability in the wake of the BSE crisis. Demand for export refund licences still remained strong, particularly for bone in chicken and turkey cuts for which export outlets are vital to the economic viability of domestic production.

Egg Marketing Inspectorate

5.77 The EU marketing standards for eggs are enforced by the Egg Marketing Inspectorates in England and Wales, Scotland and Northern Ireland. The Inspectorates are responsible for enforcing standards from farm to retail, at which point the local authorities take over. MAFF administration costs include the England and Wales Inspectorate, which operates on Citizen's Charter principles including publication of an Annual Report. Similar standards for poultry meat are enforced by the local authorities.

5.78 The UK successfully secured a simplification to the EU egg size rules with effect from 1 August 1996.

5.79 Activities in the coming year will, among other things, seek to ensure that the regime for allocation of export refund licences and import licences for preferential quota in GATT year 3 (starting July 1977) does not discriminate against the UK egg and poultry industries.

Milk and Milk Products

Programme Code: CE1:24

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	230	230	133	133	133
of which payments to agencies	225	225	128	128	128
IB Scheme Costs	217,958	228,189	179,897	167,859	156,935
Total Scheme Cost	**218,188**	**228,419**	**180,030**	**167,992**	**157,068**
EU Receipts	-217,931	-200,915	-177,741	-170,354	-162,381
MAFF Administration Costs	979	1,068	937	943	943
Receipts	–	–	-796	-796	-796
Net Administration costs	–	–	141	147	147

Note: Receipts shown for 1997-98 onwards are payments for activities undertaken on behalf of IB which previously appeared under CE1:02 IACS. Associated Administration costs have also transferred from Programme CE1:02 to CE1:24.
1995 UK raw milk production 13,932 bn litres; output £3,492m
1996 UK raw milk production 13,932 bn litres; output £3,514m
1995 UK milk and milk products imports £1,01m; exports £778m
1994 UK milk and milk products output £ 1,041m; exports £653m

5.80 The objectives of this Programme are:

- to ensure that quota administration assists the UK dairy industry to make the most of the UK's limited supply of quota
- to protect the interests of UK consumers, producers, traders and processors
- to ensure that the formulation and implementation of EU legislation takes account of the structure and needs of the UK dairy industry
- to promote developments in EU policy consistent with MAFF's aims for the dairy sector; in particular, to encourage reductions in surplus production and in financial and other resource costs.

5.81 Under the Milk and Milk Products Programme, IB administers support measures for milk and milk products, including intervention, subsidised disposal of butter and skimmed milk powder, the school milk scheme and export refunds. IB is also responsible for the administration of milk quotas.

5.82 The world and EU markets for milk products were considerably weaker in 1996 than in 1995, with sharp falls in both butter and skimmed milk powder prices. As a result, intervention for butter was opened in five Member States, including the UK. A total of 127,000 tonnes of skimmed milk powder (of which 28,000 tonnes were from the UK) were sold into intervention

in the March to August period when intervention for that product is available. These intervention purchases led to an increase in IB Scheme costs. However, this was partially offset by large reductions in export refunds (particularly for cheese) and the UK's withdrawal from the optional elements of the school milk scheme.

5.83 For 1996/97, intervention prices for butter and skimmed milk powder were maintained at 1995 levels, as was the level of milk quotas. The UK had argued for market orientated reform of the dairying sector.

5.84 The Agriculture Select Committee concluded its inquiry into the UK dairy industry and the CAP dairy regime and published its report in July 1996. The report supported the broad thrust of the Government's approach to CAP reform in the dairy sector and concluded that, on the domestic front, deregulation of the milk market had been highly successful.

5.85 In August 1996, the Director General of Fair Trading announced that in the light of assurances from Milk Marque to modify its selling system, he had decided not to refer the supply of milk to the Monopolies and Mergers Commission (MMC). He said that he would monitor the situation and make a reference to the MMC if he felt it necessary to do so in the future.

5.86 A key task for 1997-98 will be to advance discussions on the Commission's proposals on the future of the dairy regime, which it is expected to present during 1997.

Impact of BSE

5.87 Despite assurances from the WHO, the OIE and SEAC that milk is safe, some countries have imposed official bans on imports of UK dairy products and confectionery. To date the list comprises Jordan, Ecuador, Yemen, Turkey, Argentina, Guinea Bissau, Saudi Arabia, Tunisia, Syria and the Slovak Republic. British officials in overseas posts are actively lobbying third country governments to get existing import bans lifted and to avert the imposition of new ones. Import bans have been lifted in 8 countries.

5.88 Recognising that individual producers may be in difficulty in managing their production within quota, MAFF extended the deadline for quota leasing applications to 31 December, the latest date permitted under EU regulations. In order to help dairy farmers who lose cows under the selective cull, the Government secured a concession from the EU Commission which will permit these farmers to lease out their surplus quota after the statutory deadline of 31 December, provided they lose productive cows under the selective cull before 1 April 1997 and they have registered with the IB their intention to do so.

By creating the conditions in which efficient and sustainable agriculture, fishing and food industries can flourish

Potatoes

Programme Code: CE2:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	123	123	124	124	124
of which payments to agencies	23	23	24	24	24
MAFF Administration Costs	135	123	133	133	133

1995 UK production 6,396 tht; output £981m; imports 1,194 tht (of which 727 tht processed-raw equivalent); exports 365 tht (of which 88 tht processed-raw equivalent)
1996 UK production 7,020 tht; output £564m

5.89 The objective of this Programme is to promote the more efficient production, processing and marketing of potatoes and potato products.

5.90 MAFF Scheme costs relate to payments for the provision of statistical information by the Potato Marketing Board (PMB) and to payments to ADAS.

5.91 During 1996, further steps have been taken in connection with the revocation of the Potato Marketing Scheme (PMS), due to take place on 30 June 1997. Following consultation, Ministers made an Order under the Industrial Organisation and Development Act 1947 which established a Potato Industry Development Council to succeed the Potato Marketing Board (PMB). A key task will be to ensure the smooth transfer of those functions which the new Council will be taking over from the PMB.

5.92 There is no EU regime for potatoes, although a Commission draft remains on the table. The UK would support a lightweight regime, which brought potatoes within the competition rules of the Treaty of Rome, but could not agree to any provision for intervention or other market support.

Horticulture (including bees)

Programme Code: CE2:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	1,542	1,543	1,547	1,547	1,547
of which payments to agencies	1,542	1,543	1,544	1,544	1,544
IB Scheme Costs	5,239	4,774	4,890	4,963	4,549
Total Scheme Cost	**6,781**	**6,317**	**6,437**	**6,510**	**6,096**
EU Receipts	-4,813	-4,259	-4,476	-4,520	-4,266
MAFF Administration Costs	4,178	3,761	4,026	4,021	4,021
Receipts	-81	-57	-81	-81	-81
Net Administration	4,097	3704	3,945	3,940	3,940

1995 UK output £1,953m; imports (including from Channel Islands) £2,517m; exports £94m
1996 UK output £1,969m

5.93 The objective of this Programme is to underpin a viable, commercial and market oriented horticultural production industry in the UK.

Fresh Fruit and Vegetables

5.94 The CAP regime for fresh fruit and vegetables is based on common rules for trade with third countries, quality standards, withdrawals of produce from the market, and a limited range of export refunds. MAFF administers quality standards through the Horticultural Marketing Inspectorate which works to a Code of Practice under the Citizen's Charter. Most other aspects are administered by IB.

5.95 Proposals for reform of the regime were agreed at the October 1996 Agriculture Council. The outcome was consistent with MAFF's aim of moving the sector closer to the market place. The emphasis on subsidised withdrawals of fresh produce is to be reduced, and the specialised producer groupings existing in the UK may continue within the revised rules covering Producer Organisations. This will make them eligible for EU funding towards operational programmes supporting quality improvement and the promotion of environmentally sound production.

5.96 IB scheme costs relate to CAP schemes, principally withdrawal from the market and promoting consumption of community grown apples. Citrus processing aid is available to processors using Community fruit, who have paid at least a minimum purchase price to

producers. A revised scheme will operate from the 1997/98 season. Aid will be paid direct to growers and the minimum price abolished, allowing processors to negotiate prices direct with growers.

5.97 Payments under the EU Apple Orchard Grubbing Up Grant Scheme 1994-95 were completed in 1995-96. Expenditure was fully reimbursed by the EU. Compliance monitoring will continue until 2010. A new scheme is to be announced in 1997.

Processed Fruit and Vegetables

5.98 The CAP regime for processed fruit and vegetables is centred on production aid for the processing industry to enable it to compete on world markets. Other features cover protection from third country imports and limited access to export refunds and intervention buying. Proposals for reform were agreed at the October 1996 Agriculture Council. These will limit production aid to processors who have contracts with recognised producer organisations and amending the allocation of production aid for tomato products.

Plants and Flowers

5.99 The EU flowers and plants regime consists of the application of preferential customs duties for roses and carnations from certain third countries. The Commission has produced proposals for an EU promotion fund for flowers and plants although the budgetary details and statutory date are yet to be decided.

Hops

5.100 The hops regime, administered by IB and reimbursed by the EU, aims to improve quality through a system of certification, and support growers by payment (via producer organisations) of income aid, based on change in income over the previous year. Income aid for the 1995 UK harvest (paid in 1996-97) was £1.1 million. Until the end of 1995, aid, at £2,300 per hectare, was available to encourage growers to convert to more marketable varieties. This cost £0.3 million in the UK in 1995-96.

Covent Garden Market Authority

5.101 The Covent Garden Market Authority (CGMA) is a public corporation which falls within MAFF's responsibilities. The Government is committed to disposing of its assets when legislative time permits. During 1996-97, CGMA paid £0.8m into Consolidated Fund Extra Receipts (CFERs), representing excess revenues accrued during 1994-95 (as CFERs, this figure is excluded from the receipts shown in the financial table for this Programme: see Annex 4).

Non-Departmental Public Bodies (NDPBs)

5.102 The Horticultural Development Council (HDC) and the Apple and Pear Research Council (APRC) are responsible for commissioning near market R&D in their respective sectors.

Ministerial appointments to the HDC were made in 1996. The APRC will be reviewed in 1997, as required under the Industrial Organisation and Development Act 1947.

Bees

5.103 Bee health policy in the UK requires the notification of specified diseases, provides for inspections, treatment or destruction of infected bees, movement restrictions in infected areas, and restrictions on imports. The most virulent bee disease, varroa, was first confirmed in England in 1992. MAFF policy has been to delay its spread throughout the UK by controlling the movement of bees into and out of a Statutory Infected Area. By October 1996, 3,316 cases of varroa had been confirmed in England as far north as Cumbria and Greater Manchester. Around 126 cases have also been confirmed in Wales.

Alternative Crops

Programme Code: CE2:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	214	184	208	213	213

5.104 The objectives of this Programme are:

- to encourage the development and uptake of arable crops for use as renewable raw materials by industry and for energy,
- to bring together agriculture, industry and researchers to identify and develop new market opportunities.

5.105 Progress towards these objectives is achieved through workshops, seminars, provision of underpinning research furthered by co-ordination of relevant research by other government funded bodies (see Chapter 8) and through LINK Programmes. Attention is drawn to environmental impacts and industry benefits of new crops and uses. MAFF also seeks to address potential obstacles including unnecessarily unhelpful rules or regulations.

5.106 Achievements in 1996 included the organisation of events to examine the opportunities for lubricants produced from oilseeds, for short rotation coppice, and for UK-grown fibres as industrial raw materials. MAFF also helped with the organisation of a conference on crops for industry, and one on the use of non-wood raw materials for papermaking. In June, a new LINK programme was launched, jointly funded by Government and industry, aimed at increasing the use of crop derived raw materials across a wide range of industrial sectors. Booklets on support for alternative crops and relevant research and development were updated.

5.107 In April, the Government's National Biomass Energy Strategy, co-ordinated by MAFF, was published. This explained the Government's plans for encouraging the development of economically viable, renewable energy production from biomass over the next five years. It set out a programme of research and development, technology transfer and deployment of energy generation from biomass building on work already carried out and involving co-operation and co-ordination with industry.

5.108 These activities all contributed to the key task for 1996 of helping to open up new markets for renewable raw materials. This will remain the key task for the coming year, and the programme of conferences and information dissemination will continue.

Trade Policy & Tropical Foods

Programme Code: CE2:10

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	150	150	150	150	150
MAFF Administration Costs	613	562	631	631	631

5.109 This Programme's objectives are:

- to promote increased liberalisation of agricultural trade,
- to ensure continuing access to the EU market for the UK's traditional banana suppliers in the Caribbean, and
- to seek the economical administration of the International Cocoa and Coffee Organisations.

EU and World Trade

5.110 Access to the EU market for agricultural products from developing countries will be improved from 1 January 1997, under a new agricultural Generalised System of Preferences adopted in 1996. The mid-term review of the EU's trade relations with its Overseas Countries and Territories, began in 1996. Negotiations began or continued on agreements between the EU and South Africa, Mexico, Mercosur (the Southern Cone trade area), Chile, Egypt, Jordan, Lebanon and the Palestinian Authorities. In all these negotiations MAFF has urged the Commission to offer improved preferential access, consistent with maintaining stability on EU markets.

5.111 MAFF participated in preparations for the WTO Ministerial meeting in Singapore, where the Agriculture and Sanitary and Phytosanitary Committees will be reporting on progress in

overseeing implementation of Uruguay Round commitments. MAFF was also actively involved in preparations for the World Food Summit in Rome at which Lady Chalker led the UK delegation.

Action resulting from the BSE crisis

5.112 To meet the requirements of the WTO Agreement on Sanitary and Phytosanitary (SPS) Measures, any restriction on imports imposed by WTO member countries for the protection of human, animal or plant health must be notified to the WTO SPS Committee set up to monitor the implementation of that Agreement. As an EU member state, the UK makes its notification via the European Commission. Two such Notifications have been made this year in relation to the UK's BSE-related restrictions on imports. The Beef (Emergency Control)(Amendment) Order 1996 was officially notified to the WTO on 5 July 1996. A further notification setting out the requirements of the Heads of Sheep and Goats Order 1996 was passed to the Commission for onward transmission on 7 October.

Bananas

5.113 The EU banana regime ensures that traditionally sourced bananas continue to be available to consumers, through tariff preferences for ACP suppliers and incentives to importers to bring in ACP fruit. In 1995, supplies of bananas to the enlarged European market were 3,726,000 tonnes. Of this, 661,000 tonnes (18%) came from ACP suppliers with traditional links to the EU, including the UK's traditional suppliers in Jamaica (83,800 tonnes), Belize (42,000 tonnes) and the Windward Islands (187,200 tonnes). Production in the EU regions of the French Overseas Departments, the Canaries, Crete and Madeira accounted for 658,200 tonnes. The balance represents imports from non-ACP third countries, mainly fruit from Latin America, and from non-traditional ACP suppliers.

5.114 In response to complaints from the US, Mexico, Guatemala, Honduras and Ecuador a WTO Dispute Settlement Panel was established in April to consider the compatibility of the EU bananas regime with WTO requirements. The Panel will report in 1997. MAFF has supported the Commission in its firm defence of the EU arrangements.

5.115 Commission proposals for changes in the regime, including some of benefit to ACP producers, are still under consideration in Council. Early progress is unlikely.

5.116 UK retail prices for bananas have fallen since the introduction of the regime. In July 1993 the UK average retail price was 48p/lb (£1.06/kg). In July 1996 it was 42p/lb (£0.93/kg).

Coffee and Cocoa

5.117 Scheme expenditure comprises UK payments towards the administration costs of the International Coffee and Cocoa Organisations, based in London. In 1996/97 MAFF is providing

the Chairman of the International Coffee Council and Executive Committee of the International Cocoa Organisation.

5.118 Following the liquidation of the cocoa buffer stock, and the return of the UK's share of the proceeds to the Consolidated Fund, Ministers announced that £2.2m would be made available to fund the establishment of a new company to commission and oversee advanced research of benefit to the UK trade, industry and consumers. The new body, Cocoa Research (UK) Ltd was launched in May 1996. MAFF sits on the Board of Directors.

Improved Marketing

Programme Code: CE2:11

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	10,667	12,667	8,363	4,199	2,270
of which BSE element of MDS	–	845	600	700	700
of which payments to agencies	114	114	146	137	137
payments to individuals	10,547	12,527	8,211	4,056	2,127
Territorial Scheme Costs	9,005	5,086	4,976	4,264	2,764
IB Scheme Costs	52,138	45,699	46,585	46,585	46,585
Total Scheme Cost	**71,810**	**63,452**	**59,924**	**55,048**	**51,619**
EU Receipts	-58,905	-53,166	-51,076	-47,693	-46,585
MAFF Administration Costs	975	889	776	776	766
Receipts	–	–	-1	-1	-1
Net Administration Costs	–	–	775	775	765

* In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports.

5.119 This programme aims to foster the efficiency and competitiveness of MAFF sponsored industries by encouraging the effective marketing of their products and the spread of best practice.

5.120 This has been achieved through the operation of marketing grant schemes, by targeted marketing initiatives, by export refunds for processed foods under EU legislation (administered by IB) and by the issue of export certificates. The work links closely with wider government policies on competitiveness.

Marketing Initiatives

5.121 In 1996 the seminar programme run by the Department's Market Task Force continued with an event, focusing on improving customer service, at the Royal Show. The Horticultural Export Bureau, developed by a leading horticulturist seconded to the Market Task Force, opened in July. The Bureau is receiving pump-priming support under the Marketing Development Scheme. To highlight the benefits to business of supply-chain collaboration, MAFF again sponsored a national award for best practice in collaborative marketing.

Marketing Grant Schemes

5.122 The Marketing Development Scheme (MDS), introduced in 1994, provided 50% non-capital grants towards new marketing initiatives. The Scheme closed to new applications in England on 5 November following the introduction of the Sector Challenge. Between April 1996 and 5 November, some 66 awards of grant were made, representing commitment of around £3.27m. A further 66 applications for MDS grant received before 5 November remain to be determined, early in 1997.

5.123 Sector Challenge was launched on 15 October 1996. Administered by DTI, Sector Challenge brings together funding from a number of Government departments to provide a single source of funds for sectoral competitiveness initiatives throughout Great Britain. A key element of MAFF's contribution included uncommitted MDS funds. The Market Task Force has been working closely with industry to encourage the submission of good quality Sector Challenge bids. (See also Programme CE2:23 Agriculture Training and Finance).

5.124 Results of the final round of bids under the EU Processing and Marketing Grant Scheme, which closed in England on 31 March 1996, were announced in May. Opened in October 1994, overall 550 applications were submitted and awards totalling £23m were made to some 120 projects.

Support to the Beef industry

5.125 MAFF support for the beef sector has taken many forms. Under this Programme, a notable example was the MAFF-sponsored "Festival of British Beef", held in October to promote confidence amongst the catering industry in the safety of British Beef. This sector is traditionally a significant purchaser of British Beef, but in many instances caterers turned to imported sources when the BSE crisis broke in order to reassure their customers.

International Relations and Export Promotion

Programme Code: CE2:12

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	5,537	5,537	5,092	4,542	3,992
of which payments to agencies	20	1	22	22	22
MAFF Administration Costs	1,164	1,063	1,144	1,144	1,144

5.126 The objectives of this Programme are:

- to further diplomatic relations with non-EU countries and international organisations;
- to maximise trade and investment opportunities for the UK agro-industry with all countries; and
- to encourage food and drink exports and speciality food producers by supporting Food From Britain (FFB).

5.127 MAFF pursues these objectives by fostering international relations at official level through liaison with foreign Ministries of Agriculture, embassies and posts worldwide, in particular with countries offering new opportunities for export trade (such as the countries of Central and Eastern Europe, the former Soviet Union, China and the Pacific Rim); by maximising trade opportunities for the UK agro-industry by offering specific country information, representation at selected overseas trade fairs, Ministerial led missions to targeted countries and identification of expanding overseas markets; by the direction and funding of Food from Britain; and by implementing EU Regulations protecting food names. Twenty seven UK names had been registered by the Commission by December 1996.

5.128 MAFF keeps in close touch with the industries it serves. Integration with the plans of other government departments is achieved through the Whitehall Export Promotion Committee. The aim is to reach the right decisions on priority markets.

5.129 During 1996, MAFF's presence at overseas trade fairs attracted well over 850 serious enquiries for UK agro-industrial products. The Programme also involved trade missions to Vietnam and Indonesia, and various Ministerial led missions which benefited UK agro-industrial companies. Details are supplied in Annex 13.

5.130 A policy evaluation review of the Programme was carried out in early 1997. This involved a customer survey of its effectiveness. The results are currently being considered.

Food from Britain

5.131 Industry funding in 1995-96 at £6.1m was up by £1.4m on the previous year. MAFF funding was £5.4m. As such, for the first time industry contributed the majority of financing. FFB's efforts remain principally directed towards promoting UK exports through its network of overseas offices and two new offices in Japan and Denmark were opened during the year. FFB worked with over 1,000 companies in 1995-96 of whom 130 were new exporters. Exports of UK food and drink increased by 10% to £9bn in 1994 and by 11% to £10bn in 1995.

Plant Varieties and Seeds

Programme Code: CE2:20

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	4,985	4,985	5,226	5,226	5,276
of which payments to agencies	4	4	4	4	4
IB Scheme Costs	5,469	4,078	5,143	5,143	5,143
Total Scheme Cost	**10,454**	**9,198**	**10,369**	**10,369**	**10,419**
EU Receipts	-5,469	-4,078	-5,143	-5,143	-5,143
Non EU Receipts	-3,839	-3,839	-4,418	-4,418	-4,418
MAFF Administration Costs	1,373	1,203	1,112	1,112	1,112
Receipts	-8	-6	-8	-8	-8
Net Administration	**1,365**	**1,197**	**1,104**	**1,104**	**1,104**

5.132 The objective of this Programme is to protect plant breeders rights and ensure EU requirements on seed marketing regulations are applied in England and Wales.

UK Plant Breeders' Rights

5.133 MAFF operates a voluntary intellectual property system for the protection of plant varieties, which is based on the International Convention for the Protection of New Varieties of Plants (the UPOV Convention). The UK industry will meet the full cost of plant breeders' rights (£1.0m) through statutory fees in 1996-97. A draft Plant Varieties Bill was published for comment in February 1997. The new Bill, when enacted, will replace Part I of the Plant Varieties and Seeds Act 1964 and implement changes to the UPOV Convention adopted in 1991.

National Listing

5.134 This scheme meets the requirements of EU directives regulating the marketing of seed. The major element of MAFF scheme costs is payments to the National Institute of Agricultural Botany (NIAB) and other authorities to carry out the necessary tests and trials required for National Listing. In addition, the industry will carry out approximately 50% of the National List value for cultivation and use trials under official licence and at its own expense. An estimated £1.1m of the £1.5m official cost of running the National List system will be recovered from the industry through statutory fees.

Seed certification

5.135 The seed certification scheme lays down minimum standards of purity and germination for seeds, as required under EU regulations. Crop inspections and laboratory testing ensure that seed of the main agricultural and horticultural species is marketed to prescribed quality standards. MAFF administers official seed certification in England and Wales, at a cost in 1996-97 of £2.0m, and seeks to recover the costs in full.

5.136 The difference between the planned total for Scheme Costs for 1996-97 and the Estimated Outturn relates to the residual costs of privatising NIAB. IB scheme costs relate to EU Seed Production Aid.

EU Plant Breeders' Rights

5.137 Developments in the Community Plant Breeders' Rights system continued to feature significantly during 1996. A permanent President and Vice President were appointed to the Community Plant Variety Office in 1996 and grants of rights were issued for the first time. A decision that the Office's permanent location should be Angers, France, was taken in December 1996 and it is expected to move there from it's temporary location in Brussels in mid 1997. Explanatory leaflets on payment for the use of farm saved seed of Community protected varieties were issued to about 200,000 farmers. This followed agreement on payment levels and collection mechanisms reached between the British Society of Plant Breeders, the Farming Unions, the United Kingdom Agricultural Supply Trade Association and the National Association of Agricultural Contractors.

Future tasks

5.138 The plant breeders' rights and national list systems continue to attract applications in respect of genetically modified plant varieties. Commission proposals to amend directives on the common catalogues of plant species contain provision for the requirements governing consent to release genetically modified organisms to be transferred from the existing horizontal directive on the deliberate release into the environment of genetically modified organisms (Directive 90/220/EEC) to the common catalogue directives. A consequence of this will be the transfer of co-ordination of approval for marketing of such varieties from DoE to MAFF Plant

Varieties and Seeds Division. Timing is uncertain, since much depends on progress with the amendments to the common catalogue directives, but consideration is under way on how the transfer will be achieved and consultation with the industry will follow in due course.

Organic Farming and Agricultural Inputs

Programme Code: CE2:22

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		653	471	1,250	1,472	1,597
of which	payments to agencies	64	64	283	255	256
	payments to individuals	455	455	846	1,092	1,212
Territorial Scheme Costs		573	156	478	519	537
Total Scheme Cost		**1,226**	**627**	**1,728**	**1,991**	**2,134**
EU Receipts		-479	-272	-759	-888	-966
Non EU Receipts		-8	-1	-1	-1	-1
MAFF Administration Costs		394	294	318	334	349

5.139 The objective of this Programme is to support and encourage an expansion of organic farming as one of the options available for environmentally friendly production.

5.140 The Programme mainly concerns operation of the Organic Aid Scheme which was launched in August 1994 under the EU Agri-environment programme. The scheme provides financial help to farmers wishing to convert to organic systems. Payments are funded 50% by the National Exchequer and 50% by the EAGGF Guarantee Section (via IB). Similar schemes are operated by the three other Agriculture Departments. The Programme also includes elements for administrative and statutory support for organic production standards and a free information service. There is also a dedicated research programme (See Chapter 8).

5.141 By the end of December 1996, a total of 141 applications, representing 5,482 hectares had been accepted into the Organic Aid Scheme in England. Payments under the Organic Aid Schemes in the UK in 1996/7 are expected to fall below plans owing to lower than expected uptake. It is expected that uptake will increase as a result of the Organic Conversion Information Service (OCIS) which was launched in June 1996. The service offers a dedicated telephone "Helpline" and free advisory visits to potential organic farmers. Interest has been strong and over 240 advisory visits had been requested by the end of December 1996.

5.142 This service, launched in June 1996, is in two parts. There is a dedicated telephone "Helpline" that farmers interested in conversion to organic methods can ring to talk over what is involved in converting to organic methods. Those who wish to explore the option in greater depth can request a visit by an expert advisor who will help consider whether organic methods are likely to be more or less profitable for the farm concerned. MAFF is financing two private sector bodies to provide these services: The Soil Association for the Helpline and Elm Farm Research Centre for the on-farm visits. The Farming and Rural Conservation Agency will act as the managers of the project from 1997-98 onwards.

5.143 Payments under the Organic Aid Scheme are made quarterly and MAFF aims to make at least 90% of the payments within four weeks of the due date.

5.144 MAFF also provides secretarial help for the independent UK Register of Organic Food Standards (UKROFS). UKROFS consists of an independent board appointed by UK Agriculture Ministers and is charged with oversight of standards relating to organic food production in the UK including the application of EU rules.

5.145 Work on last year's key task to publish revised UKROFS standards and operating manual is expected to be completed on time. For the future, MAFF will continue to promote OCIS. Officials will continue to participate in discussions on EU organic standards. A key task for 1997 will be to ensure that the proposed EU standards for the organic production of livestock products reflect UK requirements.

Agricultural Training, Labour And Finance

Programme Code: CE2:23

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,028	3,028	1,271	971	871
of which payments to agencies	172	172	122	122	122
Non EU Receipts	-230	-230	-50	-50	-50
MAFF Administration Costs	781	797	858	863	867

5.146 The objectives of this Programme are:

- to encourage the creation of a well-trained workforce within the agriculture and commercial horticulture industries and
- to support the operation, in England and Wales, of the statutory minimum wage and Agricultural Wages Board arrangements.

Agricultural Training

5.147 Scheme costs mainly comprise contract payments to ATB-Landbase Limited which provides Industry Training Organisation (ITO) services for the agricultural industry and resources to support local training infrastructure. MAFF funding amounted to £1.9 million in 1996/97. DfEE is proposing to establish a new National Training Organisation (NTO) network. From 1997/98, MAFF funding will be provided to the NTO accredited for the sector to support a small "core" organisation with the bulk of direct funding transferring to DTI's Sector Challenge Fund, set up in October 1996 to consolidate business support activities and to improve the competitiveness of British industry. (See also Programme CE2:11 Improved Marketing). Other scheme costs include a contribution towards the educational activities of the National Federation of Young Farmers' Clubs, and rental paid on properties previously owned by the former Agricultural Training Board, about £200,000 per annum. The number of National Vocational Qualifications achieved in agriculture and horticulture at levels 1-3 is expected to exceed last year's uptake levels of 2,100 awards.

Agricultural Wages Board

5.148 The Agricultural Wages Board (AWB) was set up in 1948 as an independent body with responsibility for determining minimum pay rates and other conditions for agricultural workers in England and Wales. MAFF provides the secretariat to the AWB and meets its expenses. It also enforces the Wages Order made by the AWB through its regional field staff. In 1995, just over 350 inspections were carried out. Formal complaints about underpayment of wages are followed up within 10 working days of receipt. In 1995-96, 60 complaints were dealt with, resulting in 3 prosecutions, all of them successful. Given the Government's concerns about the potential impact of statutory wage fixing on the functioning of labour markets, the future of the AWB continues to be kept under review.

Agricultural Dwelling House Advisory Committees

5.149 Under the Rent (Agriculture) Act 1976, MAFF establishes Agricultural Dwelling House Advisory Committees who advise local housing authorities on the agricultural needs in cases where applications are made by owners to re-house agricultural workers in order to make way for other employees needing tied housing. Regional staff support the work of these committees, of which 144 meetings were held in 1995-96 in England and Wales. A review concluded, after consultation, that the current procedures were working well and cost-effectively.

Finance

5.150 MAFF ensures that the needs of the agriculture, food and fishing industries are taken into account in the formulation of tax and related policies, and their implementation. Work continues regarding Government guarantees provided for loans taken out prior to 1989. The value of outstanding guarantees is estimated at £3.87 million per annum from 1996-97 onwards.

BSE

5.151 The impact of the BSE crisis on employment, business performance and the people affected by business closures has resulted in requests for advice and the need to liaise with a variety of organisations, including:

- the Inland Revenue, NFU and CLA on the preparation of a guidance note for livestock farmers explaining how compensation payments will be treated for taxation purposes.
- the Consortium of Rural Training & Enterprise Councils (CORT), in conjunction with DfEE, on strategies for assessing and coping with the employment, training and re-skilling implications of BSE in rural areas.
- DfEE, TGWU and the Health and Safety Executive on the employment impact of the crisis and related health and safety issues.

5.152 In addition advice has been offered to the banking sector to explain the Government's measures, to assess clients' difficulties and to promote an understanding approach.

Deregulation

5.153 This Programme covers the Department's efforts on deregulation (see the following text box). Following an Efficiency Scrutiny recommendation, the Ministry's Forms Design Unit transferred to the Deregulation Unit in October 1996.

EFFICIENCY SCRUTINY ON THE BURDEN OF PAPERWORK ON FARMERS

The Report of the Scrutiny Team was published in October, alongside an Action Plan for implementing its recommendations. Savings to farmers worth some £23 million per annum were identified, in the areas of grants and subsidies, animal health and welfare and agricultural censuses and statistical surveys. Further recommendations would ensure MAFF adopted a more deregulatory approach to the creation of new forms.

This Scrutiny was undertaken as part of the Government's "War on Waste" initiative. The Team, which included three working farmers, necessarily had regard to the need to protect human and animal health, animal welfare and the public purse. After the Team started its work, MAFF had to tackle the major developments over BSE which meant inevitably the introduction of additional regulatory steps to protect further the food chain but the Report identified a number of worthwhile savings which are being introduced as quickly as possible.

Farming, food and consumer organisations were consulted on the recommendations. The Report was widely welcomed as was the Government's positive approach towards implementation.

DEREGULATION

MAFF continues to play a full and active part in the Government's deregulation initiative. While deregulation policy and activities form an integral part of its day-to-day working practices, this needs also to be set against the Department's essential roles in safeguarding public safety, animal health and welfare, and taxpayers' money. MAFF's deregulation work is emphatically not about removing essential protection. The aim is to remove unnecessary burdens which stifle business, cost jobs, inhibit innovation and damage the competitiveness of the agriculture, fisheries and food industries. In the past year MAFF has:

- further simplified food laws, with new labelling rules introduced in July;
- taken forward plans to deregulate the potato market in 1997, though as the PMB declared 1996 to be a non-quota year, a *de facto* free market has already been achieved;
- used the Order-making power in the Deregulation and Contracting Out Act 1994 to remove unnecessary rules relating to slaughterhouses and to simplify the Corn Returns Act 1882;
- in conjunction with the Department of Health, made an order under the 1994 Act to introduce new, business friendly procedures to be followed when local authorities issue food safety improvement notices. The two departments are also revising the food law enforcement Codes of Practice;
- introduced further measures to ensure that new regulations are always properly justified. All new regulatory proposals which would impose burdens on business must now be accompanied by a Regulatory Appraisal, embracing a Compliance Cost Assessment. Ministers now certify that they have read these documents and are satisfied that the right balance between costs and benefits has been struck. When implementing European Community law in the UK, Ministers also certify that the new legislation meets the requirements of a Checklist to stop "gold-plating" or "double-banking" unless that is deemed necessary for policy reasons.

Conservation of Sea Fish Stocks

Programme Code: CE2:30

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	202	202	4,716	4,716	4,716
of which payments to agencies	2	2	4,546	4,546	4,546
MAFF Administration Costs	6,016	7,072	1,053	1,053	1,053
Receipts	-76	-80	-14	-14	-14
Net Administration	5,940	6,871	1,039	1,039	1,039

Note: from 1997-98 onwards Scheme costs include payments to the new Executive Agency CEFAS (formerly DFR) for activities undertaken under this Programme, previously entered as core-MAFF Administration costs. Matching contributions are entered in the Agency's Receipts line under Programme EA1:09.

5.154 The objectives of this Programme are:

- to sustain UK fishing opportunities, principally through the Common Fisheries Policy (CFP), and
- to ensure that environmental considerations are properly taken into account in fisheries policy decisions.

5.155 The UK subscription to the International Council for the Exploration of the Sea (ICES) accounts for the majority of the scheme costs under the Programme in 1996-97. ICES prepares scientific advice on the levels of fishing that stocks can sustain; and each year, within the CFP, the Council of Ministers sets Total Allowable Catches (TACs) in the light of the ICES advice. The TACs are allocated as quotas to Member States using fixed keys based on historic fishing activity. The CFP also aims to conserve stocks by making rules on fishing gear and methods.

5.156 MAFF leads for the UK in CFP negotiations. It is also responsible for overseeing the twelve Sea Fisheries Committees (SFCs) which regulate inshore fisheries in England and Wales.

5.157 In 1996-97 the Ministry's Directorate of Fisheries Research, which accounted for most of the Programme's administration costs, monitored the level of 30 stocks of fish and contributed detailed advice on their size composition to ICES. The TACs set by the Council for 1997 reflected this advice and produced total UK quotas of 485,000 tonnes, expressed as cod equivalent. This followed a mid-year halving of the North Sea herring TAC in response to new advice on the deteriorating state of the stock. The 1997 quotas compare with 573,000 tonnes in 1994, 547,000 tonnes in 1995 and 512,000 tonnes in 1996 (491,928 tonnes after the mid-year cut for herring), reflecting the need to conserve stocks. A measure of the state of stocks is the proportion fished by the UK and other Community fleets which is considered to be above the

minimum biologically acceptable level: this was 63% in 1993, 42% in 1994 and 43% in 1995. However, the figures are not directly comparable from year to year because the stocks included by ICES vary.

5.158 The UK Fisheries Conservation Group, launched at the start of 1996, agreed a series of proposals to help conserve fish stocks. These shaped the Government's response to a wide-ranging Commission proposal to reform EU technical conservation measures.

5.159 The Government's CFP Review Group reported in July 1996 and, after consultations, the Government responded to all 40 of its recommendations, defining its plans for future improvements to the CFP. There was continuing widespread public and parliamentary interest in the debate on how best to manage and conserve fish stocks internationally, including the need for changes to the CFP. The case for further integration of environmental considerations into the CFP was pressed by the Government at a meeting of North Sea Fisheries and Environment Ministers in March 1997.

5.160 For the future, the Ministry will pursue the Government's plans for improving the CFP, work to ensure that CFP TACs continue to reflect UK objectives and seek to achieve further progress in integrating fisheries and environment policies (including follow-up to the March 1997 North Sea meeting and a successful conclusion to negotiations on the CFP's technical conservation rules).

Table 23: Landings by the UK Fleet

Year	1990	1991	1992	1993	1994	1995
Nominal Value Of Landings By The UK Fleet (£m)	472	496	486	526	561	590
Value Of Landings By Vessels Of 12.19 Metres and Over (£m)	387	411	409	461	481	504
Number Of UK Vessels Of 12.19 Metres and Over	2,214	2,197	2,153	2,081	1,934	1,851
Total Value Per Vessel (£'000)	175	187	190	222	249	272

Fishery Structures

Programme Code: CE2:31

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	20,986	20,986	19,348	11,837	6,837
of which payments to individuals	13,400	13,200	15,805	3,305	3,305
Total Scheme Cost	**20,986**	**20,986**	**19,348**	**11,837**	**6,837**
EU Receipts	-6,450	-7,082	-9,987	-3,987	-3,987
Non EU Receipts	-267	-247	-85	-48	-48
MAFF Administration Costs	754	594	1,150	1,150	1,150
Receipts	–	–	-52	-52	-52
Net Administration Costs	–	–	1,098	1,098	1,098
Supplementary Credit Approvals	422	422	345	291	318

Note: Expenditure on activities previously covered by Programme CE2:33 Fish Marketing is included under this Programme from 1997-98 onwards.

5.161 The objectives of this Programme are:

- to promote a safe and efficient fishing industry whose capacity and effort are in line with what the stocks will bear, and
- to act as sponsor for the NDPB, the Sea Fish Industry Authority (SFIA).

5.162 It is clear that for the EU as a whole catching capacity exceeds available resources. All maritime Member States have targets for fleet reduction in a series of Multi-Annual Guidance Programmes (MAGPs). The main policy instrument for meeting these targets in the UK has been decommissioning, under which some 8.2% of the fleet (in tonnage terms) has so far been removed in four successive tendering rounds (4,755 Gross Registered Tonnes (GRT) in 1993, 5,270 GRT in 1994, 4,206 GRT in 1995 and 3,381 in GRT in 1996 at a total cost of some £36.4million. Some £12 million is available for a further round in 1997.

5.163 A final assessment of UK performance against targets for 31 December 1996 will not be available until the EU Commission reports to the Fisheries Council in mid-1997. In the meantime discussion in the Council on objectives for the next series of MAGPs, to run from 1 January 1997, is still continuing, with a view to reaching decisions by 30 April 1997. UK Ministers have, however, made it clear that further reductions in the capacity or effort of the UK fleet are dependent on progress is solving the problem of quota hoppers.

5.164 Structural aid to the English fishing industry is also provided under a number of grant schemes. Fishing vessel/safety grants are available towards the costs of equipment necessary for a vessel to obtain a Department of Transport safety certificate. From 1996 grants using EU funds are available towards work costing £3,000 or more. Expenditure on these grants is expected to be £1.12m in 1996-97. In addition, Community grants are also available for the promotion of fish and aquaculture projects and for the PESCA Community Initiative which was launched in February 1996. PESCA will assist in the restructuring of the fisheries sector for which an annual provision of £ 0.5 million of aid is being made available. In 1996-7 £1.4 million of aid was available to develop fishing harbours under MAFF's harbour grant schemewhich is open to non-profit making organisations and public type bodies.

5.165 The Sea Fish Industry Authority (SFIA) continues to carry out a wide range of activities in the interest of the sea fish industry. Full details of these are included in its Annual Report which was published in September 1996. Mr Eric Davey was appointed Chairman from 1 May in succession to Mr Barry Skipper and a new Board, comprising seven new members and four reappointments, was appointed in November. New levy regulations setting a basic rate of £8.40 per tonne of fish landed or imported into the UK were confirmed by Ministers and came into force on 1 March. A Memorandum of Understanding setting out the administrative and financial arrangements between the Fisheries Departments and the SFIA has been agreed. The quinquennial review of the SFIA is currently being undertaken and will be completed by mid 1997.

Fish Farming and Shellfish Production

Programme Code: CE2:32

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	25	115	1,421	1,421	1,421
of which payments to agencies	20	20	1,356	1,356	1,356
Non EU Receipts	-4	-4	-4	-4	-4
MAFF Administration Costs	2,420	3,051	448	448	448
Receipts	-137	-106	-2	-2	-2
Net Administration	2,283	2,945	446	446	446

Note: from 1997-98 expenditure on activities concerning fish health will transfer to this Programme from Programme RE2:03 Salmon, Whaling and Inland Fisheries. From the same date Scheme costs include payments to the new Executive Agency CEFAS (formerly DFR) for activities undertaken under this Programme, previously entered as core-MAFF Administration costs. Matching contributions are entered in the Agency's Receipts line under Programme EA1:09.

5.166 The objectives of this Programme are:

- to encourage the development of efficient fish farming and shellfish cultivation,
- to conserve shellfisheries and
- to fulfil responsibilities as joint competent authority (with DH) for EU fish and shellfish hygiene directives.

5.167 A key element in this Programme involves the monitoring of all commercial shellfish beds producing live bivalve molluscs in England and Wales for microbial contamination. Shellfish harvesting areas are then classified according to EU criteria; the 1996 classification programme was successfully completed. Other projects monitor shellfish and seawater for the presence of biotoxins (paralytic and diarrhetic shellfish poison) and chemical contaminants. Funding for this monitoring transferred to Programme CE2:32 during 1996-97; this accounts for the increase in Scheme costs over the planned figure.

5.168 The Programme also supports the fish farming and shellfish industry through the provision of advice and technical services. To improve the accessibility of advice new and updated advisory leaflets are being issued; a regular bulletin, Trout News, is sent to all trout farmers, and a new bulletin for shellfish farmers, Shellfish News, has been launched.

5.169 This work is underpinned by research (see Chapter 8). To enhance this and to improve technology transfer in the fish and shellfish farming sectors a LINK programme for aquaculture was introduced last year. In its first year of operation 13 collaborative projects, involving 25 companies and 17 research organisations, have been approved.

Fish Marketing

Programme Code: CE2:33

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	2,152	2,152	–	–	–
of which payments to individuals	2,152	2,152	–	–	–
IB Scheme Costs	1,235	2,238	–	–	–
Total Scheme Cost	3,387	4,390	–	–	–
EU Receipts	-2,879	-3,882	–	–	–
MAFF Administration Costs	467	549	–	–	–
Receipts	-52	-40	–	–	–
Net Administration	415	509	–	–	–

Note: Expenditure on the activities formerly covered by this Programme is covered under Programme CE2:31 Fishery Structures from 1997-98 onwards.

5.170 On 14 February 1996, Ministers announced the launch in England of new grant schemes under Council Regulation 3699/93 which will provide funds from the EU's Financial Instrument for Fisheries Guidance (FIFG) towards capital investments to improve facilities for the processing and marketing of fisheries and aquaculture products and to improve port facilities. Awards of EU grants totalling £2m were made to 27 projects in July and a further £1.52m was awarded to 24 projects in December. Expenditure is expected to be £ 1m in 1996-97 of which approximately 80% is reimbursed by the EU. Capital projects include a very high proportion of private sector funding (normally 60-70%).

5.171 During the year, revised EU fish market support prices were agreed along with renewed concessionary import arrangements. The latter help to ensure supply of competitively priced raw material to EU processors.

5.172 Revised EU fish grading standards were agreed in 1996. Only a few minor changes were made to the standards for species of commercial importance to UK fishermen.

5.173 During 1997 we expect the Commission to bring forward proposals for changes to the operation of the Fish Marketing Regime. MAFF's aim will be to ensure that any changes do not have an adverse effect on UK interests nor place any additional burdens on the industry.

Fishery Management and Enforcement

Programme Code: CE2:34

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	10,249	10,249	10,919	10,919	10,919
of which payments to agencies	–	–	770	770	770
EU Receipts	-612	-612	-612	-612	-612
Non EU Receipts	-463	-463	-463	-463	-463
MAFF Administration Costs	3,205	2,975	3,610	3,612	3,094

Note: Prior to 1996-97, enforcement and management activities formed part of Programme CE2:31 Fishery Structures.

5.174 The objectives of this Programme are the equitable management and full utilisation of the UK's quotas and effective enforcement.

5.175 All UK vessels fishing for profit must be licensed by the Fisheries Departments. To help conserve stocks and to contain the size of the fleet, only replacement licences are issued. Quotas are allocated annually between producer organisations and other groups of fishermen in proportion to their catches over the previous three years. National and EU regulations are enforced by the Sea Fisheries Inspectorate assisted by the Royal Navy's Fishery Protection Squadron and aerial surveillance. The Inspectorate also collects essential information on fishing activity. In 1996, 31 out of 78 quotas were fished to within 95 to 105 % of allocation. The number of quotas overfished by more than 5% was six. There were 76 prosecutions resulting from infringements that were committed in 1996 and earlier years.

5.176 New measures for monitoring fishing effort in Western Waters were successfully implemented on 1 January 1996. During that year new licensing arrangements were introduced and enforcement enhanced for North Sea herring to help safeguard stocks following the mid year reduction of the TAC and quota. In December the Fisheries Council agreed to adopt satellite monitoring for fishing vessels, starting in July 1998.

5.177 Given the continuing pressure on fish stocks, effective fisheries management and enforcement are essential to the future viability of the fishing industry. Key tasks for 1997 will be to finalise decisions on future surface and aerial surveillance needs following the introduction of satellite monitoring and to complete, in consultation with industry, the review of the future operation of the quota management arrangements within the UK.

Rural Economy

Programme Code: CE2:40

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		17,965	17,695	15,989	16,489	16,989
of which	payments to agencies	741	741	865	865	865
	payments to individuals	17,000	17,000	15,050	15,550	16,050
Territorial Scheme Costs		4,400	2,550	5,381	5,381	5,381
Total Scheme Cost		**22,365**	**20,245**	**21,370**	**21,870**	**22,370**
EU Receipts		-8,650	-8650	-7,550	-7,550	-8,050
MAFF Administration Costs		872	773	983	1,020	1,020

Note: In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports.

5.178 The objective of this Programme is to stimulate additional economic activity, particularly on farms, in rural areas.

5.179 Its main component consists of the Challenge for Agriculture programme, that is the rural development programmes for the six areas in England designated under Objective 5b of the EU Structural Funds. Expenditure on these programmes is partly reimbursed by the Guidance Section of the EAGGF. The schemes are run on Challenge Fund principles. Projects submitted for support compete with each other for the funding available with only those which are best suited to meeting the objectives of the rural development programmes, and which will provide good value for money, being selected for approval.

5.180 Total EU funding for the Objective 5b Programmes in England for the period 1994 – 1999 is approximately £376 million. Of this £56 million (matched by an equivalent amount of national funding) will be spent on agriculture related projects. Private sector investment of over £43 million will have to be found for these projects over this period. To date over £22 million in both EU and Government funds has been committed. Due to delays in the approval by EU Commission of the Objective 5b programmes, this is not as much as forecast. However interest in and awareness of the programmes is increasing and uptake is expected to improve over the coming year.

5.181 The programmes provide for support for a variety of activities including business advice and consultancy, farm diversification, marketing (of regional produce for example), tourism, environmental management, group activities (such as machinery rings) and R&D. Assistance is

provided to applicants on the strength of their own proposals for worthwhile projects which will bring about sustainable economic growth.

5.182 Linked to the Objective 5b programme is the LEADER II (Liaisons Entre Actions de Développement de l'Economie Rurale) Community Initiative. This initiative operates in areas adjacent to Objective 1 and 5b areas and is designed to assist the development of a small scale, innovative measures of benefit to local areas. Support under LEADER II is made through Local Development Groups on the basis of an approved business plan. Individual project applications are then submitted through the groups on the basis that they will achieve the aims of the local business plan.

5.183 The Programme also supports other rural socio-economic initiatives, such as Farmlink (which aims to increase public understanding of agriculture by establishing links between farms and schools) and measures aimed at alleviating stress in rural areas.

5.184 A progress report "Rural England 1996" was published in October 1996 describing actions to take forward the initiatives announced in the White Paper "Rural England". These initiatives fall to Programme CE2:40 unless already covered under other Programmes. (Details on initiatives undertaken under the White Paper "This Common Inheritance" are listed in the text box following Programme RE2:01 Environmental Protection (Nutrients)).

BSE

5.185 Livestock farmers living and working in Objective 5b areas and affected by the BSE crisis were encouraged to apply for assistance for projects which met the aims and objectives of the programme and provide value for money. To date a number of projects have been funded under Objective 5b which have directly assisted the beef sector. Projects supported include those which promote the traceability of beef and sheep meat through to the retail point of sale and those which to market more effectively local brands of beef and sheep meat.

Objective 5b Areas

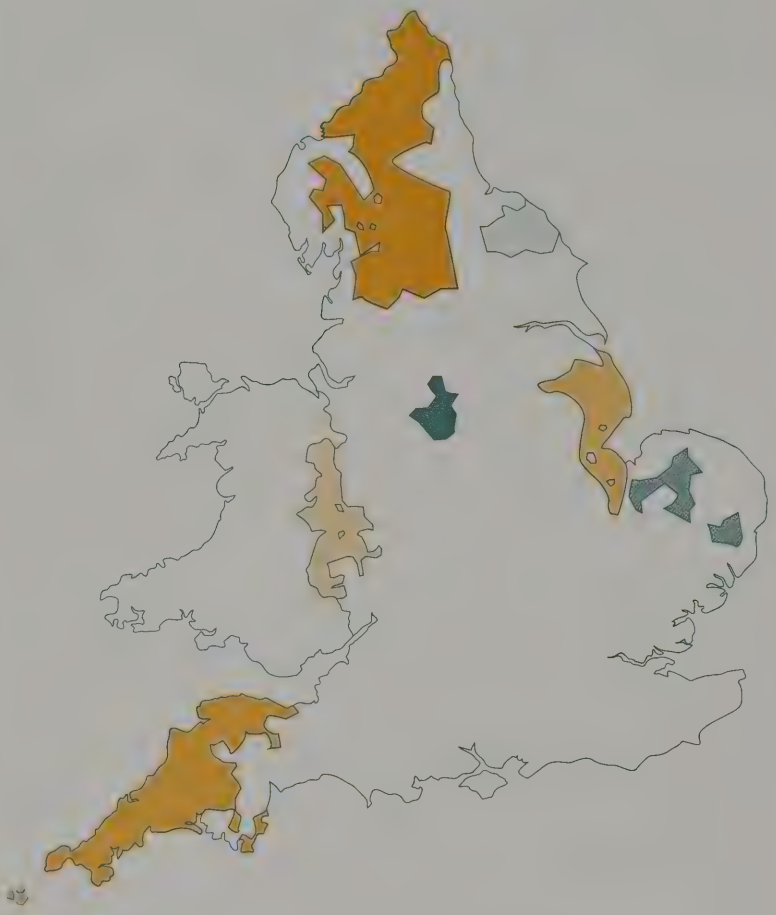
Northern Uplands

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The South West

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Land Use and Tenure

Programme Code: CE2:41

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,195	3,195	2,883	2,883	2,883
of which payments to agencies	3,134	3,134	2,790	2,790	2,790
MAFF Administration Costs	1,621	1,475	1,554	1,505	1,505
Receipts	-3	-2	-3	-3	-3
Net Administration	1,618	1,473	1,551	1,502	1,502

5.186 The main objectives of this Programme are:

- to ensure that the loss of the best and most versatile agricultural land is kept to a minimum,
- to ensure that the planning system takes account of agricultural interests, including diversification, and
- to provide a statutory framework governing the relationship between agricultural landlords and tenants.

5.187 In carrying out this work, MAFF draws on technical and professional support from the Land Use Planning Unit and from ADAS: the cost of both are shown in the Scheme costs above. From 1997-98 these services will be provided by the new Farming and Rural Conservation Agency.

Planning

5.188 MAFF provides advice to local planning authorities and others on the interaction of planning legislation and procedures with agriculture in England, primarily with a view to protecting the best and most versatile agricultural land. Effort is focused on responding to consultations on local development plans, other local strategic plans and planning applications of significance to agriculture. MAFF also seeks to ensure that policies to assist farm diversification are included in development plans. MAFF dealt with 3,298 planning related consultations in 1995-96. MAFF has worked closely with DoE to ensure that agricultural interests are reflected in planning policy for the countryside, in particular in relation to "Rural England 1996" and revised planning policy guidance.

5.189 In August 1996 MAFF issued, for consultation, a draft revision of the technical guidelines and criteria for grading the quality of land under the Agricultural Land Classification system.

The revision will not fundamentally change the ALC methodology but will enhance it by taking account of the latest information on aspects such as the effect of soil wetness and soil disturbance.

Tenancy legislation

5.190 A new Annual Survey of Tenanted Land was introduced on 28 October 1996 as part of the arrangements for monitoring the effects of the Agricultural Tenancies Act 1995. Broadly, the Survey covers the numbers and types of agreement under which land is being rented, the area and length of term and annual rent payable. The results of the Survey will be published in Spring 1997. The Act, which provides a simplified legal framework, is intended to encourage landlords to let more agricultural land in order to provide more flexible land tenure options for farmers.

Royal Botanic Gardens, Kew

Programme Code: CE2:42

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	18,936	18,936	20,951	17,151	17,151
MAFF Administration Costs	40	66	65	65	65

5.191 The objective of this Programme is to support the Royal Botanic Gardens, Kew (RBG), an executive NDPB sponsored by MAFF and operating under a Board of Trustees, established by the National Heritage Act 1983.

5.192 RBG's mission statement is 'to enable better management of the Earth's environment by increasing knowledge and understanding of the plant kingdom – the basis of life on Earth'. RBG has an unsurpassed international reputation for its living and preserved plant collections and for the quality of its scientific research. Its gardens at Kew and Wakehurst Place are enjoyed by well over a million visitors a year.

5.193 MAFF scheme costs represent Government grant currently covering about 70% of RBG's expenditure (the remainder is received from gate receipts, sales, services and donations).

5.194 The increase on 1996-97 grant provision is to provide for necessary infrastructural improvements, in particular to the Lower Nursery. Non-grant income continues to increase and now approaches £8 million per annum. This reflects RBG's success in obtaining private funding and other external support for its activities, including for example, funding for the restoration of

the Japanese Gateway at Kew and a new field study centre at Wakehurst Place. RBG continues to explore wherever possible the scope for private funding and any ventures within the context of the Private Finance Initiative.

5.195 In December 1995 it was announced that RBG had been awarded some £21 million by the Millennium Commission towards the funding of a major seed bank project at Wakehurst Place. The aim of the project is to collect, research and conserve seeds from all the UK's flora by the year 2000 and at least 10% (approximately 25,000 species) of the world's flowering plants, principally from arid lands, by the year 2010. The Prince of Wales and Sir David Attenborough (a former Trustee) launched a public appeal on 31 May 1996 to raise further money towards total costs of this seed bank initiative.

5.196 RBG was subject to a Scientific Visiting Group in January 1996 which endorsed the high quality and international significance of its scientific work. RBG is acting on recommendations from that Group. MAFF is conducting a review of senior management within RBG.

Science Policy

Programme Code: CE2:43

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,204	3,204	2,486	1,687	1,662
MAFF Administration Costs	1,656	1,670	1,555	1,555	1,555

5.197 The principal objectives of this Programme are:

- to provide scientific advice to Ministers and policy groups,
- to manage the contractual arrangements for research to achieve value for money,
- to develop MAFF's research strategy and ensure the balance, scope and quality of the research programme, and
- to ensure uptake of research results by policy makers, industry and other end users.

5.198 MAFF also promotes links with international research; in particular it negotiates on the EU Framework Programmes to promote a European programme complementary to that undertaken by MAFF.

5.199 The commissioning system has been reviewed and recommendations aimed at producing a more streamlined and efficient system are now being implemented. At any one time MAFF is managing about 2,000 projects. In 1995-96 528 projects came to an end.

Of these, 91.5 % amounting to 87.6 % of total expenditure achieved their intended goals both on time and at expected cost.

Research

5.200 MAFF research is funded to provide support for policy. Information on all research programmes including that funded under this Programme is provided in Chapter 8. The support for research on projects contributing to a fuller understanding of BSE a further £4 million was made available in 1996-97; additional funds were also made available for future years.

Prior Options Reviews of Research Establishments

5.201 The Government announced in September 1995 that all public sector research establishments would be subject to Prior Options Reviews by the end of 1996. These reviews look at whether the work is needed, and whether organisations can be privatised or rationalised. Five MAFF establishments have been reviewed:

- the Directorate of Fisheries Research (DFR); the Minister announced the decision to move DFR to Agency status in May 1996. It will be launched as CEFAS in 1997-98 (see Programme EA1:09).
- ADAS (R&D); in July it was announced that all ADAS R&D functions would move to the private sector. ADAS Consultancy and R&D will be privatised in the early part of 1997 (see Programme EA1:01).
- the Central Science Laboratory (CSL); the Minister announced in December 1996 that CSL would remain an Executive Agency of MAFF for the present. It will continue to build on links with academic and other research establishments. (See Programme EA1:02)
- the Veterinary Laboratories Agency (VLA); the Minister announced in January 1997 that VLA would remain an Executive Agency of MAFF, subject to certain efficiency improvements (see Programme EA1:03) and
- Horticulture Research International (HRI) Horticulture Research International (HRI); the Minister announced in January 1997 that HRI would remain in the public sector, for the present, as an executive Non-Departmental Public Body, sponsored by MAFF (see below and Annex 14).

Postgraduate Studentship Scheme

5.202 MAFF continues to support an intake of some 70 postgraduate students each year at an annual cost of almost £1.7 million. The Scheme is intended to fund research relevant to the Department's overall Aims and research strategy and to further the education of future agriculturalists, economists and food scientists.

Horticulture Research International

5.203 HRI was established as an NDPB in 1990 to provide the UK horticulture industry, Government and other customers with excellent and cost-effective research, development and

technology transfer. Scheme expenditure of £0.5 million in 1997-98 relates to staff transfers and redundancy costs arising from a restructuring of the body. HRI was the subject of a Prior Options review in 1996. Ministers concluded in January 1997 that the organisation should remain in the public sector, for the present, as an executive NDPB, sponsored by MAFF. The Department will be working closely with HRI management over the coming year to resolve outstanding operational and staffing matters and to develop the body's science strategy and business plan.

By taking action against animal and plant diseases and pests

Prevention and Control of Animal Diseases

Programme Code: CE3:01

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		14,013	14,027	18,889	18,890	18,892
of which	payments to agencies	8,001	8,015	12,967	12,967	12,967
	payments to individuals	175	175	–	–	–
Non EU Receipts		-3	-3	-1,110	-1,110	-1,110
MAFF Administration Costs		12,501	13,099	15,137	15,147	15,147
Receipts		-316	-273	-838	-838	-838
Net Administration		12,185	12,825	14,299	14,309	14,309

Note: This Programme will merge with Programme CE3:03 Livestock Protection to form a new Programme CE3:01 Animal Disease Control from 1997-98 onwards.

5.204 The main objectives of this Programme are:

- to prevent the introduction and spread of animal diseases,
- to control and/or eradicate all notifiable diseases and
- to facilitate the export of live animals and genetic material.

5.205 MAFF scheme costs represent payments to VLA, ADAS, Temporary and Local Veterinary Inspectors and international organisations.

Table 24: Number of outbreaks of notifiable animal diseases in Great Britain

Year	1990	1991	1992	1993	1994	1995	1996 (provisional)
Rabies	0	0	0	0	0	0	1
Foot and Mouth Disease	0	0	0	0	0	0	0
Enzootic Bovine Leukosis (EBL)	0	2	1	25	0	7	5
Paramyxovirus in pigeons	324	96	157	125	36	17	10
Warble Fly	1	0	0	39	3	0	0
Avian Influenza	0	0	1	0	0	0	0
Newcastle Disease	0	0	0	0	0	0	1
Anthrax	5	2	2	2	3	1	3
Aujeszky's Disease	0	0	0	0	0	0	0
Scrapie*	348	989	666	327	199	163	135
Viral Haemorrhagic Disease in Rabbits	0	0	2	10	200	512	269
Equine Viral Artentis	–	–	–	–	0	0	1
Contagious Equine Metritis	–	–	–	–	–	–	14

* Scrapie was made a notifiable disease in January 1993. Numbers are greater than those published in previous Departmental Reports because of late reporting of positive cases as well as a small number of inconclusive cases later diagnosed positive.

5.206 The UK continues to remain free of terrestrial rabies. In 1996, however, an isolated case of European bat Lyssavirus was found in a stray insectivorous bat, considered to have come from mainland Europe – the first recorded case since regular monitoring of British bats for rabies started in 1986. A review of the quarantine arrangements for imported cats and dogs has been put in hand, to see if pets can be brought in more easily from EU countries without any risk to public health.

5.207 The long term aim for EBL is to achieve national freedom status. With this in mind additional EBL testing of all dairy herds with over 200 cattle was undertaken in March. No positive reactors were identified.

5.208 An outbreak of Newcastle Disease (involving pheasants), the first to be recorded in Great Britain since 1984, probably originated from Paramyxovirus infection in feral pigeons. (Paramyxovirus is a virulent strain of Newcastle disease affecting pigeons).

5.209 The Sheep and Goats (Records, Identification and Movement) Order 1996 came into force in early 1996 and introduced new arrangements for identifying sheep and goats. Consultation has taken place on new arrangements to help control sheep scab.

5.210 The number of outbreaks of viral haemorrhagic disease, first reported in domestic rabbits in 1992, continued to rise. Because official controls had not halted its spread, and because it had spread to the wild rabbit population, the disease ceased to be notifiable with effect from 21 October 1996. Commercial vaccines are available to protect animals against infection.

5.211 The Equine Viral Arteritis (EVA) Order 1995 made this a notifiable disease on 1 August 1995. There has been one confirmed case of EVA since then.

5.212 The outbreaks of Contagious Equine Metritis had four primary sites and were controlled with industry assistance through adherence to their Code of Practice.

5.213 Surveillance at ports indicated that only a small number of consignments entering or leaving Great Britain had inadequate health certification. Random spot checks and other precautionary checks were carried out on imported consignments throughout the year with no major problems identified.

Impact of BSE and Lyssavirus

5.214 All export certificates for bovines and bovine genetic material had to be withdrawn as a result of the imposition of the export ban although those for bovine semen were subsequently reinstated and in some cases were successfully renegotiated. Export health certificates for rabies-susceptible mammals had to be renegotiated with nearly 100 countries because of the bat found infected with Lyssavirus in the UK.

Plant Health

Programme Code: CE3:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	3,106	3,107	3,023	3,023	3,023
of which payments to agencies	2,977	2,978	2,887	2,887	2,887
MAFF Administration Costs	4,272	4,833	4,548	4,550	4,550
Receipts	-649	-664	-623	-623	-623
Net Administration	3,623	4,168	3,925	3,927	3,927

5.215 The objective of this Programme is to safeguard and improve the health and quality of commercially produced plants and plant products.

5.216 MAFF applies statutory controls in England and Wales to implement the EU plant health regime including action against quarantine pests and diseases, registration of producers and monitoring of plant material in trade. It also provides non-statutory chargeable services including certification of exports to third countries.

5.217 Deregulatory measures were introduced in November 1996 for inspection of grain for phytosanitary export certification purposes. These provide for trade personnel, authorised following suitable training, to inspect grain for freedom from infestation prior to official issue of a phytosanitary certificate. MAFF is monitoring these arrangements.

5.218 New cases of Rhizomania were discovered through the annual survey, bringing the total of farms on which the disease has been found to 77, all in East Anglia. The number of outbreaks of Tobacco whitefly continued to fall, while the incidence of South American and other leaf miners continued to be a concern, especially in vegetable and other plants coming into the country. Gypsy Moth caterpillars, presumed to be the progeny of the 1995 outbreak in South Woodford, Essex, were found in the same locality both by inspectors and by members of the public alerted by a publicity campaign. Close monitoring of seed potato imports was successful in preventing seed infected with Brown rot being planted. Over 1200 stocks of imported Dutch seed potatoes were tested for the disease and two were found to be infected; a single UK outbreak did not result from imported seed but was connected with infected irrigation water.

Table 25: Number of outbreaks of key pests and diseases in England and Wales

Year	1991	1992	1993	1994	1995	1996
Rhizomania	0	13	7	15	11	25
Tobacco Whitefly	64	43	36	58	5	3
South American leaf miner	109	43	30	54	75	77
Colorado Beetle	0	0	0	0	0	0
Potato Brown Rot	0	1	0	0	0	1

Plant Health and Seed Inspectorate

5.219 Where necessary, MAFF Plant Health and Seeds Inspectors can issue statutory notices requiring specific action by the person in charge of a plant product; this action can include destruction, re-export or treatment. The increase in the number of notices issued in 1995 and 1996 is largely the result of action in relation to consignments of Dutch seed potatoes held awaiting results of brown rot tests.

Table 26: Issuance of Statutory Notices by Plant Health and Seeds Inspectorate

Year	1992	1993	1994	1995	1996
Number	781	728	1,023	2,257	4,171

5.220 A key task for 1997 will be the negotiation of cost-effective EU inspection arrangements, following the submission of Commission proposals on controls on imports from third countries including a harmonised charging system.

Livestock Protection

Programme Code: CE3:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	5,237	5,236	–	–	–
of which payments to agencies	5,237	5,236	–	–	–
Non EU Receipts	-1,153	-1,153	–	–	–
MAFF Administration Costs	2,840	1,688	–	–	–
Receipts	-1,165	-1,192	–	–	–
Net Administration	1,675	495	–	–	–

Note: This Programme will merge with Programme CE3:01 Prevention and Control of Animal Diseases to form a new Programme CE3:01 Animal Disease Control from 1997-98 onwards.

5.221 The objective of this Programme is to promote the health status of British herds and flocks through the provision of chargeable health schemes and the licensing of semen and embryo transfer services..

5.222 Since the formation of the Veterinary Laboratories Agency in 1995 the Veterinary Investigation Division, in conjunction with the CVL, has continued to provide diagnostic services to private veterinary surgeons.

5.223 The Ministry continues to operate the Poultry and Deer Health Schemes, the Breeding Category of the Pig Health Scheme and the Scrapie Monitoring Scheme. Following the Minister's decision to withdraw from operating animal health schemes for cattle and for sheep and goats (other than the Enzootic Bovine Leukosis and Scrapie elements), no new members have been admitted to these schemes from 1 April 1996 and existing members are being referred to the new privately operated schemes when their membership is due for renewal. Following an approach by the pig industry, the Ministry's Pig Assurance Scheme (part of the Pig Health Scheme) is also now being wound down in favour of a new industry initiative called Farm Assured British Pigs which operates with on-farm assurance provided by the State Veterinary Service on a contractual basis.

5.224 There is regulatory control of artificial insemination (AI) and embryo transfer in farm livestock in Great Britain in order to protect animal health and welfare. This currently operates by means of approvals and inspections for which fees are payable.

5.225 Regulations to reduce the burden of AI controls for cattle and pigs have been drafted during 1996. They are expected to be made and implemented in early 1997. As a result breeders will have greater flexibility in arranging the testing needed before the animals are used for semen collection. The Ministry will continue to monitor the health status of bulls and boars during their residency on AI centres.

Summary economic performance indicators for the agriculture, fishing and food industries

Output Income and Productivity of Agriculture *(1990=100)*

Year	Average 1985-87	1991	1992	1993	1994	1995	1996
Gross Output*	98.2	101.9	103.6	100.1	101.2	100.6	100.4
Gross Product* (*Gross Output less Gross Input)**	85.8	108.2	114.5	105.1	105.6	105.0	104.8
Incomes from Agriculture *(Eurostat Income Indicator 3)***	94.0	99.3	120.1	150.5	150.4	181.8	169.5
Productivity# (*Gross output per unit of input)*	93.3	103.5	106.1	101.7	100.8	101.4	100.4

*At constant (1990) prices

**1989-91=100

#Includes fixed capital and labour

The volume of the gross output of the UK agriculture industry fell slightly between 1995 and 1996. This, combined with a rise in the volume of inputs, produced a 0.2 per cent decline in the volume of gross product. The total income from agriculture of the groups with an entrepreneurial interest in the industry (farmers, partners and directors, their spouses and family workers) fell by 7 per cent as indicated by the Eurostat Income Indicater 3: this index reflects movements in incomes in real terms and also allows for changes in the size of the recipient group. The industry's productivity measured in terms of the gross output per unit of all inputs fell by 1 per cent because cattle destroyed in the Over Thirty Month Scheme and the Calf Processing Aid Scheme were not treated as output. If they had been included as output productivity would have been expected to have increased by roughly 2 per cent.

Output Employment and Productivity in Food and Drink Manufacturing *(1990=100)*

Year	Average 1985-87	1991	1992	1993	1994	1995
Output *(Index of Production)*	93.9	98.5	99.5	100.0	101.8	104.3
Employment*	105.6	100.9	95.8	93.4	91.1	90.7
Labour Productivity**	89.6	97.7	103.9	107.0	111.8	115.0

*Full time equivalents

**Output per full time equivalent worker.

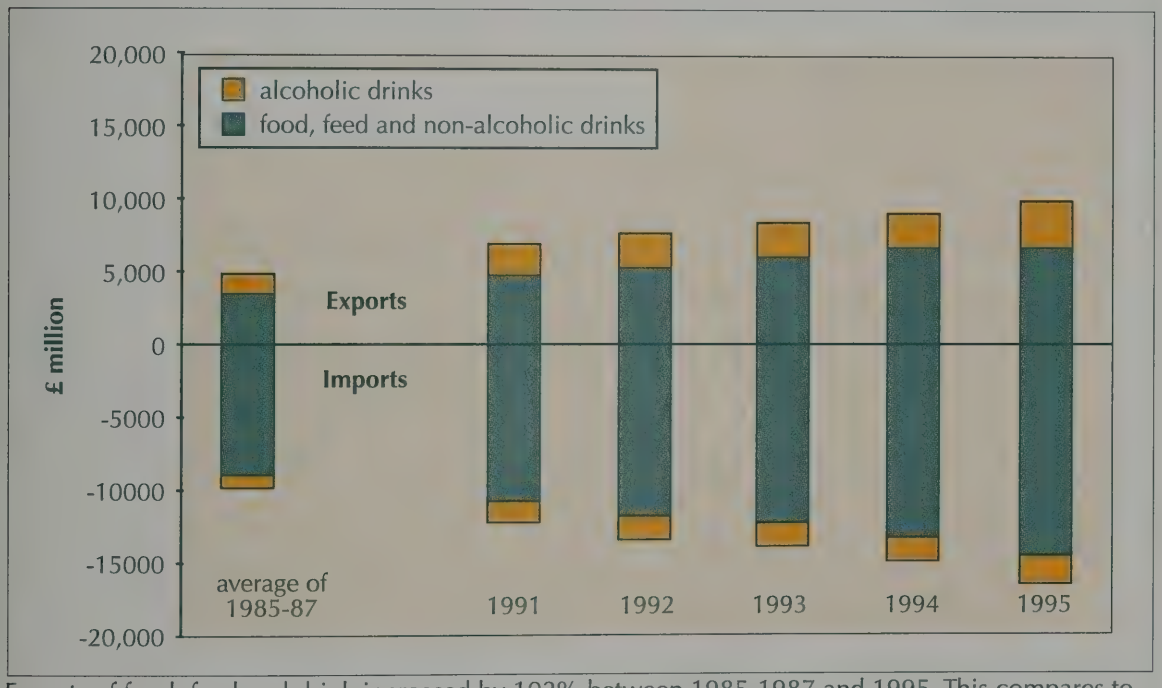
The volume of output of food and drink manufacturing (measured at 1990 prices) increased by 2.5% between 1993 and 1994, the biggest increase since 1988. This increase was achieved even though the level of employment in the sector was marginally down in 1995. As a result of these changes, labour productivity in the sector rose by 2.9% reaching a level above that of the mid-1980s.

Retail Food Prices *(1990=100)*

Year	Average 1985-87	1991	1992	1993	1994	1995	1996
All Items	77.8	105.9	109.8	111.6	114.3	118.2	121.1
Food	82.1	105.2	107.5	109.4	110.5	114.7	118.5
Real Food Prices in Real Terms	105.6	99.4	97.8	98.0	96.7	97.0	97.8

Retail food prices (as measured by the Retail Prices Index) rose by 3.3% between 1995 and 1996. For the third time in four years this was higher than the increase in the All Items RPI (up 2.4% in 1996). However, over the longer period, food prices have shown a marked decline relative to retail prices in general; over the decade to 1996, real food prices fell by 7.4%. The relatively large increase in food prices in 1996 reflected a 4.1% increase in the index for non-seasonal foods with meats up 6.9% and oils and fats 5.4%.

UK Imports and Exports of Food, Feed and Drink, *(£million)*



Exports of food, feed and drink increased by 102% between 1985-1987 and 1995. This compares to an increase of only 66% in imports. By 1995 exports were equal to 60% of imports, compared to only 49% in 1985-1987.

The main increases in exports between 1994 and 1995 were for cereals, meat and eggs. In 1995 whisky exports accounted for £2.31 billion of the alcoholic drinks total of £2.85 billion. Meat exports totalled £1.45 billion.

UK Fishing Employment

Year	1994	1995
Number of fishermen in the entire UK fleet[1]	15,659	19,928

[1]Series re-established in 1994

By encouraging high welfare standards

Farm Animal Welfare

Programme Code: AW1:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	686	686	697	697	697
of which payments to agencies	584	584	599	599	599
MAFF Administration Costs	4,121	4,121	4,085	4,083	4,083

6.1 The objective of this Programme is the encouragement of high welfare standards on farms, during transport, at markets and in abattoirs.

6.2 Public interest continued at a high level in 1996. 130 parliamentary questions were answered, together with around 5,000 letters.

6.3 The Government proposed, at the Inter Governmental Conference, a protocol on animal welfare to be appended to the Treaty of Rome. The protocol would place a legally binding obligation on Community Institutions to pay full regard to animal welfare in matters relating to agriculture, transport, research and the single market.

6.4 The Department continues to base its policy on advice from the independent Farm Animal Welfare Council (FAWC), underpinned by research. (See Chapter 8).

Welfare in transit and at market

6.5 The export of live animals continued to be the focus of public concern. The main departmental activity was the preparation of domestic rules to implement the Directive on the welfare of animals in transit adopted in June 1995. Two further rounds of consultation were undertaken in August and December. The over-riding aim was to ensure that the domestic rules gave effect in a practicable way to the new rules on journey times and on feeding, watering and rest periods. At the end of 1996 the proposed final text of the Welfare of Animals during Transport Order 1997 which would implement the new directive and repeal and consolidate 15 current national instruments, was out for consultation, with a view to its entering force early in 1997.

6.6 In 1997 the Ministry will seek effective enforcement across the EU. It will continue to press the European Commission for progress – now overdue – in setting the standards for vehicles and staging points which are needed to make the new rules fully effective.

Welfare on Farm

6.7 The Government continued to press for higher EU standards for veal calves and laying hens. It prevailed on the Commission to advance the review of the Directive laying down minimum standards for the welfare of calves and, in December, agreement was reached to phase out the close-confinement veal crate across Europe by 2006. Proposals to amend and improve the dietary requirements for calves were for discussion early in 1997. On laying hens, the Commission released the Scientific Veterinary Committee's review of the science in late November and is expected to produce its proposals to revise the rules in early 1997.

6.8 The State Veterinary Service (SVS) monitors compliance with legal requirements. During 1996 it carried out 5,100 inspections on farms to check welfare standards; most were found to be satisfactory but investigations with a view to possible prosecution were initiated in 105 cases where major contraventions were found. MAFF also provides veterinary and technical advice to farmers on animal welfare by funding individual visits and ADAS seminars.

6.9 FAWC published advice on the welfare of pigs kept outdoors and farmed fish and is expected to finalise reports on laying hens and dairy cattle during 1997. The Government response to the FAWC report on the welfare of turkeys was issued in November 1996; the responses on outdoor pigs and fish are in preparation.

Welfare at slaughter

6.10 Following the implementation of the Welfare of Animals (Slaughter or Killing) Regulations 1995, the Meat Hygiene Service (MHS) and the SVS check standards at slaughter. A survey of welfare standards in all licensed slaughterhouses commissioned from the MHS found conditions to be generally satisfactory.

6.11 In response to growing demand, detailed advice has been issued on slaughter practices for ostriches. Guidance on the licensing and training of slaughtermen has now been published. This explains the procedures for licensing slaughtermen and gives guidance on the skills and knowledge that applicants for licences will be expected to demonstrate. New statutory Codes of Practice covering the welfare of all animals during slaughter are in preparation.

By providing specialist support services

Audit

Programme Code: IR1:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	1,562	1,617	1,561	1,561	1,561

7.1 The objective of this Programme is to provide assurance to MAFF's Accounting Officer that management controls are adequate and effective. In addition, an internal audit service is provided to each Agency Accounting Officer under inter-charging arrangements according to the terms laid down in their Framework Document.

7.2 The programme of audits is carried out on a four year cycle to professional standards laid down in the Government Internal Audit Manual. In addition to providing an assurance to the Accounting Officer, individual audits provide a service to line managers by highlighting weak or ineffective controls or where value for money can be improved. Staff of the internal audit unit also undertake ad hoc financial investigations, including financial management reviews of NDPBs, consultancy assignments and the provision of advice to managers on internal controls for new systems and procedures.

7.3 Performance is measured:

a) quantitatively: this includes meeting a target time of 6 weeks for the issue of reports (8 weeks in 1996/97), the achievement of the audit plan (85% in 1996/97) and the percentage of recommendations accepted (targets 75%, 95% achieved in 1996/97).

b) qualitatively: where management satisfaction surveys are sent to all auditees, in 1996/97 a rating of 73% was achieved against a 60% target. In addition the unit takes part in a inter-departmental quality review project and is a member of a benchmarking group.

7.4 During 1996/97 the internal audit continued to follow-up audit findings related to an earlier exercise when it provided a report supporting MAFF's accreditation as a paying agency under Commission Regulation No 1663/95. A standard programme of audit reviews is in progress; during the year work has been carried out on internal controls over BSE related expenditure as well as a number of special audits requested by managers. The Annual Report

to the Accounting Officer concluded that the Department's system of internal control was satisfactory subject to all audit recommendations being implemented in a reasonable time frame.

7.5 A new Audit Needs Assessment and Long Term Plan has been completed and by the end of the financial year a new Audit Committee should be instituted. Preparations are being made for an external quality review of the unit. In 1997/98 a new MAFF Audit Procedures Manual will be completed.

Press and Information Services

Programme Code: IR1:02

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		4,767	6,767	6,467	6,317	6,167
of which	BSE related	–	2,000	2,000	2,000	2,000
	paid publicity	4,767	6,767	6,467	6,317	6,167
MAFF Administration Costs		3,939	4,320	3,807	3,845	3,846
Receipts		-10	-10	-8	-8	-8
Net Administration		3,929	4,310	3,799	3,837	3,838

7.6 The objective of this Programme is to communicate effectively information on MAFF's policies, services and activities, and the work of its Ministers to the media, the industries for which MAFF is responsible, and the public in general.

7.7 This is carried out by the press office with the media, the use of paid publicity, the work of the MAFF 'Helpline' and the activities of the MAFF Library and Translation services. MAFF's Press Office operates with three teams. The subject areas covered are as follows:

- Public safety, animal health and welfare. (This team deals with BSE as well as rabies and quarantine, issues which continue to attract substantial media interest).
- The Common Fisheries Policy, the Common Agricultural Policy, external trade policy and export promotion. This team also covers some BSE matters, i.e. the implementation of the Over 30 Months Scheme and arrangements for the safe disposal of rendered bovine material.
- Conservation and environment policy, countryside matters, horticulture, organic farming and plant health. Non-BSE food safety and food industry matters.

7.8 In late November and early December 1995 there was intense and widespread criticism in the media over MAFF's handling of precautionary measures to safeguard human health. This interest faded in the early months of 1996, but the announcement on March 20 of a possible link between BSE and the human disease CJD, initiated a massive and continuous amount of media interest, within the UK and across the EU and the rest of the world. This has overshadowed the other media activities carried out by the Press Office but journalists and broadcasters remain interested in more general food safety issues, the UK's policies on possible reforms of the Common Agricultural and Common Fisheries Policies of the EU, and world trade issues.

7.9 The large and diverse range of the Publicity Branch's activities, employed a wide variety of communications media. Major campaigns included the provision of BSE related information to cattle farmers, promotion of the Countryside Stewardship Scheme, dissemination of healthy eating and food safety advice to the general public, promotion of British speciality foods, raising awareness of UK personal import restrictions, and the promotion of UK agriculture at home and abroad.

7.10 The MAFF Helpline had a little over 33,000 calls in 1995/96. Telephone calls, e-mails and letters were at record levels in the latter part of the year. The Minister's statement to Parliament on BSE on 20 March 1996 stimulated more demand for information than the Helpline could manage on its own, leading to the setting up of a dedicated BSE Helpline which answered over 7000 calls in a period of seven weeks. (See also Programme PP3:02 Emergencies).

7.11 Library staff continued to develop MAFF's Internet pages, and plans were advanced for developing MAFF's own Internet site. The interest in the BSE pages which were mounted in January 1996 surpassed all expectations during March, as the urgency of the BSE situation increased. In the peak week at the end of March, nearly 20,000 requests were logged, making the pages the most heavily consulted on the Government Information Service site.

Legal Services

Programme Code: IR1:03

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	5,211	6,083	5,682	5,643	5,523
Receipts	-748	-749	-794	-795	-795
Net Administration	4,463	5,334	4,888	4,848	4,728

7.12 MAFF's Legal Department provides legal advisory, litigation, prosecution and investigation services to MAFF and its agencies, the Intervention Board and the Forestry Commission.

7.13 Restructuring of the department saw the number of groups fall from three to two; while work on implementing the recommendations of the review into secretarial, clerical and administrative support continued. As a result of an internal review of the provision of legal services, Legal Division A2 was co-located with its main clients at Tolworth in June 1996. A review of the information technology requirements of the department was started by the Information Technology Directorate (see Programme IR1:05).

7.14 MAFF Legal Department carries out an annual Client Satisfaction Survey in which it asks the officials with whom it deals on advisory and drafting work to assess legal performance on a scale of 1 (best) to 5 (worst) on the basis of factors such as clarity of advice, speed of response and constructiveness. At the end of 1996, questionnaires were sent to 185 client branches of which 162 (88%) were returned. Of those returned 151 (93%) rated legal services overall as '3' or better; 82 (51%) rated legal services overall as '2' or better. For 1997/98, the target overall rating '2' or better will be 55% of returns

Legislation

7.15 The BSE crisis generated a substantial demand for statutory instruments, often of an urgent nature. For further information on the impact of BSE refer to Chapter 2 and detailed entries under the relevant policy Programmes, particularly PP1:04 and CE1:20. Work also continued on other programmes, including the implementation of the Veterinary Checks Directive and the deregulation and simplification of food legislation.

Investigation, Prosecution and Civil Litigation

7.16 MAFF's investigation and prosecution branches deal with an increasing variety of breaches of the criminal law. In the 9 months from April to December 1996, this has resulted in

93 prosecutions involving 132 defendants. No single case has involved as large a number of defendants as the fisheries case recorded in the last report. In addition to two of the major areas last year, namely fisheries and the selling of milk outside the quota system, convictions have been obtained in the following areas:

- BSE-related cases such as failure to stain or separate Specified Bovine Offal or Material. Seven have already been concluded and three more await hearing;
- other types of meat hygiene related cases relating to record-keeping and unlicensed slaughtering;
- cases relating to the size of cages in which battery hens are kept.

7.17 As to civil litigation, there were 20 judicial reviews where the Department was a party during 1996, of which one (the challenge to the Commission's decision to ban the export of bovine products) involved a reference to the European Court of Justice for a preliminary ruling. The cases which were either settled or determined by the English courts involved such matters as:

- challenges by a number of sectors of the meat industry to the lawfulness of, in particular, the Emergency Control Order made under section 13 of the Food Safety Act 1990 and the Specified Bovine Offal (Amendment) Order. These actions were withdrawn prior to a hearing;
- an unsuccessful challenge by a number of meat exporters to their exclusion from the provisions of the Slaughtering Industry (Emergency Aid) Scheme, thereby depriving them of compensation;
- a challenge by Onward Fishing Company concerning the allocation of quotas for distant water fisheries (i.e. North Norway and Svalbard). The court rejected the allegations that the Ministry, in drawing up the quota management rules, favoured the Fish Producers' Organisation;
- a challenge to the penalties applied as a result of misdeclaration in support of an application for Hill Livestock Compensatory Allowance. This was withdrawn because the applicant did not want the matter referred to the European Court of Justice;
- an attempt to challenge a decision to retain overpaid Sheep Annual Premium. This was discontinued in the face of the evidence filed by MAFF lawyers acting for the Welsh Office;
- an unsuccessful challenge by an animal welfare pressure group to the Ministry's policy on the transportation of live animals in adverse weather conditions.

7.18 Ongoing judicial review cases include challenges in relation to:

- the assignment of arable area payments;
- the allocation of SLOM quotas to farmers who had acquired part of a holding;
- the importation of fruit and potatoes from Northern Cyprus via Turkey;
- MAFF's interpretation of the Nitrates Directive as it relates to the identification of waters which are or may be polluted by nitrates from agricultural sources.

7.19 MAFF lawyers were also involved in substantial private litigation, including a case which resulted in the High Court ruling that MAFF vets were not liable to a subsequent purchaser of diseased imported goats.

7.20 The High Court ruled in July that all slaughterhouses were required to pay for the inspection services provided by the Meat Hygiene Service. This judgment effectively brought to an end the non-payment of charges conducted by a large number of slaughterhouses since before the inception of the MHS.

7.21 There is an ongoing challenge to a public procurement exercise for the purchase of furniture.

Litigation in the European Court of Justice

7.22 In 1996 MAFF lawyers were engaged in the conduct of 20 cases before the Court of Justice and the Court of First Instance of the European Communities, participating in 15 written procedures and 6 hearings. These included the challenges (four cases in all) by the United Kingdom Government and the National Farmers' Union to the ban on exports from the UK of beef and bovine products, imposed in March by the EU Commission, following the emergence of a possible link between BSE and a new variant of Creutzfeldt-Jakob Disease. The UK Government and the NFU both applied for Orders suspending the ban pending final determination of their challenges, but the Community Courts rejected the applications, because of the serious public health issues involved.

7.23 Other important cases concerned:

- whether the Treaty rules on the free movement of goods prohibit restrictions on the export from the UK of calves destined to be raised in veal crates in other Member States;
- whether an EU Directive can legally require certain meat hygiene inspections to be carried out by veterinary surgeons, rather than meat inspectors;
- the proper interpretation and implementation of the penalties laid down at Community level for producers who give incorrect information under the IACS system;
- the operation, in relation to certain fishing quotas in the Irish Sea, of the special arrangement (known as "the Hague Preference") intended to protect the fishing communities of Northern Ireland;
- the compatibility with Community law of the UK's arrangements for authorising parallel imports of pesticides from other Member States and non-member countries;
- whether a wine-producing Member State can legally require that wines produced in its territory be bottled in the region of production.

Judgment is still awaited in these cases.

7.24 As in the previous year, the EU banana regime generated three cases, and Community rules on the labelling of foods generated two (whisky and natural mineral waters this year). The remaining cases concerned veterinary medicines, import and export arrangements for beef, obstructions to the free movement of agricultural produce into France and the applicability of an EU levy ("sheepmeat clawback") on exports of live sheep.

7.25 In 1996, the Court of Justice delivered judgments in three particularly important cases which had occupied MAFF lawyers in previous years:

- in Factortame III and Lomas, the Court laid down the conditions under which Member States will be liable to compensate individuals for loss caused by breaches of Community law for which they are responsible. Factortame III concerned loss caused to Spanish fishing interests by *legislation* (the Merchant Shipping Act 1988) which excluded them from the UK's register of fishing vessels. The Court had previously held that this legislation contravened Treaty rules on non-discrimination and the right of establishment. Lomas concerned loss caused to exporters of sheep by *administrative action* taken pursuant to MAFF's former policy of prohibiting exports to Spain of live animals for slaughter. In the same judgment, the Court found that this policy contravened Treaty rules on the free movement of goods;
- in France and Ireland v Commission, the Court found that, in the context of the common organisation of the market in beef and veal, the Commission had power to limit the weight of beef carcasses eligible for intervention buying-in. The United Kingdom had intervened in support of the Commission, arguing that the Commission had acted within its legal powers and that the weight limit was a sensible and effective method of controlling the volume of beef in intervention stores. These arguments carried the day. The Court's judgment is also an important and detailed illustration of how it interprets and applies the principle of proportionality.

7.26 In other cases in which MAFF had participated in previous years, the Court of Justice:

- upheld a Commission Regulation laying down rules for the discharge by meat and livestock traders of any outstanding liability for sheepmeat clawback;
- held that the Council had wrongly attributed to the Member States, rather than to the Commission, the right to vote on an FAO international fisheries conservation agreement;
- denied payment of export refunds at the high rate fixed for Iraq to a beef trader whose exports to that destination had been prevented by developments following Iraq's invasion of Kuwait in 1990;
- endorsed the position taken by MAFF in denying milk quota (on the facts of the particular cases) to the last remaining partner of a dissolved partnership which had given a non-marketing undertaking and also to the beneficiary of a family trust which had taken over land from that last remaining partner, but held that the relevant Community rules were invalid in so far as they failed to deal properly with the former situation;

- ruled that, in certain circumstances, the Commission is required to alleviate the hardship suffered by importers of dollar bananas who received exceptionally low import quota shares on the basis of the reference years laid down by Community rules, but that national courts may not grant such importers interim relief against this hardship for the period pending the Commission adoption of the necessary rules;
- upheld a Commission Regulation which fixed a uniform reduction coefficient, to be applied in determining the quantities of bananas from the Community import tariff quota for 1994 to be allocated to banana traders, and confirmed that banana ripeners could legitimately share in the quota.

Table 27: Performance Indicators for Legal Services

	1994-95	1995-96	Estimated outturn 1996-97
Number of Bills	1	0	0
% deadlines met	100	n/a	n/a
Number of SIs	150	115	120
% deadlines met	>90	92.5	92.5

Economics and Statistics

Programme Code: IR1:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	4,932	4,932	4,694	4,653	4,653
of which payments to agencies	231	231	231	231	231
Non EU Receipts	–	–	-653	-662	-662
MAFF Administration Costs	5,254	4,989	5,145	5,096	5,097
Receipts	-706	-706	-243	-743	-243
Net Administration	4,548	4,283	4,902	4,353	4,854

7.27 The objective of this Programme is to provide economic advice to support the formulation and implementation of policy and to provide relevant statistics at least cost to MAFF and the industry.

7.28 The Economics and Statistics Group (ESG) provides economic analyses of policy issues as well as advice on investment appraisal and the evaluation of policies. Statistics on the agriculture and food industries are collected to meet Government needs and to satisfy EU obligations. The main elements of scheme expenditure are economic studies commissioned from universities and colleges, including the Farm Business Survey (FBS) and Special Studies, (1996-97, £3.1m), policy evaluation (£0.3m) and the National Food Survey (NFS) (£0.9m). Receipts include contributions from the EU towards the cost of statistical surveys.

7.29 Analyses by ESG have demonstrated that the CAP will face increasing strains unless reforms are introduced. There was public acceptance of this view by the EU Commission in its Agricultural Strategy paper for the Madrid Summit.

7.30 In an effort to reduce the burden of form filling, the number of questions in the 1996 December Agricultural Survey was halved. An improved questionnaire has been developed and tested for the 1997 June Census and a sample of smaller holdings will receive a simplified questionnaire. The introduction of more efficient methods of data collection into the FBS will result in savings. A new survey was introduced to monitor the rents paid on tenanted land following the introduction of the Agricultural Tenancies Act and the NFS was extended to cover Northern Ireland. There has been further development of the ESG Reference Database (which holds a wide range of data on the agriculture and food sectors).

7.31 ESG has co-ordinated a number of policy evaluations which were completed in 1996 (listed below) and a further eight new evaluations underway during the year.

Findings of evaluation

Farm Woodland Premium Scheme

The evaluation concluded that the environmental objectives of the scheme were largely being achieved with no evidence to suggest that planting had caused any damage to sites designated to protect environmental features. Opportunities were, however, being missed at the plan preparation and appraisal stages for enhancements to the local and wider environment. The economic analysis found that some farmers had foregone farming income or incurred additional expenditure by entering into the Scheme, reflecting the loss of arable or livestock income, the additional costs associated with woodland maintenance or the need to purchase and operate additional machinery.

Stage 1 ESAs

The evaluation found that the ESA schemes had been largely successful in achieving their objectives and their removal would have damaging environmental consequences. Although it was noted that scheme uptake and its cost effectiveness might be improved by a payment system differentiated according to farm type, size, etc., the researchers could not identify a robust basis for such a modification to the scheme.

steps taken

The evaluation was followed by a policy review which resulted in recommendations for a revision of the objectives of the scheme (to put more emphasis on the environment) and numerous detailed changes, with a view to implementation from 1 April 1997. These included:

- Creating a single application system covering both the FWPS and the Forestry Commission's Woodland Grant Scheme.
- Broadening the definition of agricultural businesses which can be accepted into the scheme.
- Removing the requirement for participants to continue to run agricultural businesses once accepted into the scheme.
- Removing the rule limiting applications to 50% of the agricultural area of the farm.
- Introducing separate higher payment rates for land eligible for Arable Area Payments.

The evaluation has been used to establish the nature and strength of any continuing threat to the environment from agricultural pressures in the areas concerned and to identify constraints on participants. The results will be used to provide information for the forthcoming review of payments under the Scheme on the opportunity costs of participation and on the reaction of farmers to different payment levels.

Free Pollution Advice

The evaluation concluded that the free pollution advisory scheme had largely fulfilled its purpose with

- Pollution awareness amongst farmers generally high.
- Demand for the scheme declining.
- Other sources of advice and publicity being available to farmers.

The scheme was judged no longer to be cost effective with the combination of legislation and the Environment Agency representing a firm approach to the problem of farm pollution. The discontinuation of the scheme was therefore recommended.

The results of the evaluation were instrumental in informing the policy decision to discontinue the provision of free pollution advice to farmers from March 1997.

Hops regime

The evaluation concluded that the current EU regime failed to meet its stated objective of ensuring a 'fair' standard of living for growers. It was judged that the hops regime, including income aid, had not contributed greatly towards market stability and that the Conversion Aid Programme had done little to encourage the replanting of varieties in demand. However, the researchers found that the UK, and wider EU, hop markets work reasonably well with stability facilitated through widespread forward contracting between growers and buyers.

The results of the evaluation will be used to inform the UK position in the forthcoming review of the EU hops regime foreshadowed by the Commission.

7.32 The following evaluations are nearing completion:

- Warble Fly eradication policy
- Beef Special Premium and Suckler Cow Premium schemes

7.33 Future plans include analyses of options for the reform of the CAP in the light of the EU's current and prospective trade commitments and enlargement; contributing to the 1997 programme of policy evaluations; introducing a more efficient sample design for the NFS to provide data collection savings; and extending the application of the Reference Database technology to improve working practices where appropriate. The need for economic advice and statistics to inform policy decisions in areas such as the environment and investment appraisal is expected to increase. Efforts will continue to reduce the burdens on business by improving the designs of statistical surveys, by introducing further sampling where this can be

done without materially affecting the quality of the data and by investigating the scope to utilise administrative data collected through IACS.

Information Technology Services

Programme Code: IR1:05

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	28,065	34,617	38,451	36,146	35,837
Receipts	-481	-481	-481	-481	-481
Net Administration	27,584	34,136	37,970	35,665	35,356

7.34 The primary objective of this Programme is to provide Information Technology (IT) systems and services in support of MAFF's business and information requirements.

7.35 It is planned, co-ordinated and monitored under the overall umbrella of MAFF's Information Technology Strategy which is aligned with the Public Expenditure Survey (PES) and reviewed and updated annually. Estimated expenditure in 1996/97 includes:

- £12.31m capital purchases of IT hardware and software;
- £9.27m external IT support and related costs;
- £4.05m other associated non pay running costs;
- £8.99m ITD pay costs.

Support of Policy Aims/Scheme Administration

7.36 In 1996/97, MAFF will spend some £19.71 million on IT support for its policy aims and executive functions, such as payment of grants and subsidies. Major elements of expenditure will meet EU requirements in the implementation of CAP Reform schemes, IACS and improved control and enforcement measures adopted under the Common Fisheries Policy (CFP). In addition a large element of expenditure has been directed towards development and implementation of urgent new systems in support of BSE requirements. Supplementary funds amounting to £4.5 million were sought to cover this work.

Internal Administration

7.37 Expenditure in 1996/97 on IT support for MAFF's internal administration is expected to be £14.91 million. Achievements during 1996/97 include roll-out of standardised and integrated IT office support facilities to the Veterinary Field Service and Plant Health and Seeds Inspectorate. To improve MAFF's overall efficiency and effectiveness, further provision of IT

systems and services is underway to other MAFF business areas, notably the new Farming and Rural Conservation Agency (FRCA).

Private Finance Initiative

7.38 A feasibility study completed earlier has identified a number of future projects which, in the light of further business analysis, may prove to be potential candidates for private financing.

Competing for Quality

7.39 MAFF's IT market testing programme (the key task and a major performance indicator for 1996/97) has been completed in all but the market test of the Applications Development Service (ADS), where a proposal for best and final offer is being considered by a tender evaluation panel. The programme, which the Efficiency Unit has acknowledged as being strategic in nature, has resulted in:

- one service (MAFF's Prime computer systems) being abolished;
- two services (the MVS mainframe service, MAFF's residual IBM system, and the Processor Controlled Keying data service) being outsourced;
- one market test (the applications support and maintenance service) being awarded to the in-house team under a three-year Service Level Agreement, following competition with external suppliers;
- two services (the help desk/customer support service and the operational support service for MAFF's central and distributed computers) being re-engineered to achieve efficiency savings under Service Level Agreements subject to annual review;
- proposals for outsourcing the Network Management System being approved. It is planned to put in place outsourcing arrangements over the next two years, depending on a number of factors, most notably the maturity of the external market and development of MAFF's data communications and telecommunications requirements;
- one market test (ADS -see above) yet to be completed – award of contract for the service to commence in 1997/98.

7.40 On completed tests, the market testing programme has achieved overall savings in the order of 25 per cent. MAFF will continue to make efficiency savings in IT services through annual efficiency plans, deploying many of the Competing for Quality strategies.

Output and Performance Indicators

7.41 OPIs for 1996/97 are:

- percentage of IS/IT projects completed to time and budget (target 90%), outturn 91.6%;
- percentage of central computer availability within the banded hours (target 98%), outturn 99.49%;
- total value of all in-year benefits delivered by IT systems (target £53.8 million), outturn £54 million.

7.42 Running Cost Savings in 1996/97, as a direct result of IT investment, total £15.3 million against a predicted estimate of £14.8 million. This excludes the considerable productivity gains resulting from IT support for schemes such as those relating to CAP Reform, some of which would not have been possible without the implementation of IT solutions.

Future Plans

7.43 Further technical development of office systems facilities will continue over the coming three years in line with current strategic plans, including the introduction of Internet and Intranet technology within MAFF to provide our customers and staff with electronic access to a wide range of information. It is anticipated in general that programme expenditure will remain consistent with the previous PES position for future years (although BSE IT support requirements are particularly volatile) as increasingly IT systems which add value to the Department's business areas and enable the delivery of related efficiencies are introduced. Work on preparing IT systems for the change of Millennium has commenced in order to ensure essential operational continuity. This along with the development of a cattle traceability database are key tasks for 1997/98 and are likely to have a significant and increasing impact on workload and priorities. Private finance opportunities will be considered as appropriate for all new IT projects involving significant expenditure.

OPEN GOVERNMENT

The Department publishes a wide range of information each year about its policies and the schemes it administers. Some of this information has now been placed on the Internet including general information relating to the work of MAFF, news releases, contact points for further information, statistical data and a package on BSE. The MAFF Helpline, the Ministry's general enquiry point, handled over 50,000 telephone calls, 3,000 letters and faxes and 600 email enquiries in 1996.

By allocating resources where they are most needed

Financial Planning and Control

Programme Code IR2:01

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	2	2	2	2	2
MAFF Administration Costs	5,369	6,872	4,782	4,895	4,900
Receipts	-3	-72	-93	-93	-93
Net Administration	5,366	6,800	4,689	4,802	4,807

7.44 The objective of this Programme is to ensure the provision of cost-effective financial, accounting and purchasing services in support of MAFF's business.

7.45 The Programme includes centralised work for the Public Expenditure Survey, production of MAFF's Supply Estimates and in-year monitoring of expenditure. During 1996-97 all proposals for additional expenditure on BSE-related work were monitored and co-ordinated as part of the activities under this Programme. From 1995-96 MAFF's Supply Estimates have been structured around the Aims, Sub-Aims and Programmes, which are the basis of MAFF's system for allocating resources and evaluating performance. From 1996-97, MAFF's Supply Estimates have, in common with those from other Departments, been presented on a simplified basis as agreed with the Agriculture Select Committee.

Financial Information Systems and Resource Accounting

7.46 Preparations for the implementation of resource accounting and budgeting, in line with the Government's White Paper "Better Accounting for the Taxpayer's money", are being taken forward in MAFF in a programme of projects. During 1996 the Department has made good progress towards the target implementation date of March 1997. The key areas which have been addressed are: the development of a reporting tool to provide better management information suitable for resource accounting; delivery of a Departmental Training Strategy for resource accounting and development of resource accounting policy for MAFF. Resource Accounting will be implemented in 1997/98 and will lead on to development of resource budgeting systems.

Making the payments

7.47 MAFF's payments system, together with those of three of its agencies (Pesticides Safety Directorate, Veterinary Medicines Directorate and the Meat Hygiene Service) is operated centrally from York. During 1995/96, 526,500 individual payments were made, of which 359,200 related to payments in respect of the domestic and EU Grants & Subsidies schemes administered by MAFF. In addition to this a further 81,300 BSE related payments were made during 1996.

7.48 Following recent changes in EU Regulations, all bodies making payments under EU schemes are required formally to be accredited by an independent 'competent authority' which, working to Commission guidelines, must be satisfied that the paying agency's administrative and accounting arrangements comply with EU Regulations. MAFF has achieved accreditation subject to certain changes being made in the accounting and reporting of EU funds.

7.49 Since June 1994 MAFF has offered payment to its suppliers and staff by the more effective method of direct transfer to the recipient's bank account using BACS (the Bankers Automated Clearing System). A project is currently underway to enable direct payments to be extended to include Grants & Subsidies.

PROMPT PAYMENT OF BILLS

In MAFF the standard contractual terms of payment require that invoices are paid within 30 days of satisfactory receipt of goods and services, or an agreed invoice if that is later. However, special arrangements are in place for small enterprises, where the aim is to make payments within 14 days. Grants and Subsidy payments are handled separately (see Annex 17). MAFF has signed up to the CBI Prompt Payment Code and the British Standard on Prompt Payment (BS 7890) and is determined to honour these commitments. MAFF's current payment performance target is that 100% of all invoice payments should be paid by the due date.

MAFF has invested heavily in IT systems in recent years in order to enable the tracking of invoice payments. The introduction of MAFF's Resource Management Information System (RAMIS) in 1994-95 now enables supplier payment performance to be measured on the basis of every invoice paid. Latest information emerging from the system indicates that MAFF is only paying 80.4% of all supplier invoices by the due date. This is clearly unsatisfactory and MAFF is determined to take all the necessary steps required to rapidly improve payment performance.

Work has already commenced to drive forward the necessary changes that are needed, both in terms of procedures and internal disciplines. Currently under review are;

- the buying and accounts payable processes;
- the opportunities for rationalisation of the purchasing and accounts payable organisations;
- and communications between payment processing units and those engaged in the acquisition of goods and services.

Additionally budget holders are to be issued with monthly payment performance reports covering their administrative units. The reports identify those areas where improvement in payment performance is required.

Action against CAP fraud

7.50 Detailed rules have been adopted for operating the Council's blacklist anti-fraud regulation. The system, effective from 1 July 1996, applies to export refunds, intervention and tendering arrangements. It aims to reduce fraud by intensifying checks against those found to have committed a substantial irregularity and to exclude them from benefiting from Community aid for at least 6 months.

Table 28: Cases of irregularities reported to the Commission under EU Regulation 595/91

		EU 12	UK	UK proportion (%)
1992	Cases	1028	131	13
	Value (£m)	77	5	7
(To 31/12/95)	Recovered (£m)	16	4	25
1993	Cases	1284	180	14
	Value (£m)	235	3	1
(To 31/12/95)	Recovered (£m)	78	2	3
1994	Cases	1610	228	14
	Value (£m)	319	9	3
(To 31/12/95)	Recovered (£m)	65	4	6
1995	Cases	1754	219	12.5
	Value (£m)	173	6	3
(To 31/12/95)	Recovered (£m)	10.5	0.6	6
1996	Cases	981	144	14.5
	Value (£m)	93	2	2
(To 30/06/96)	Recovered (£m)	6	0.4	7

7.51 The number of cases of irregularity reported by Member States, the definition of which includes both fraudulent action and claimant error, showed a further increase in 1995 (see Table 28). However the overall value of reported cases has fallen considerably. This is believed to reflect the effects of the 1992 reforms of the CAP which moved expenditure away from export refunds and market support measures. Over 60% of the CAP budget is now paid direct to farmers through support schemes which are easier to control. These schemes account for 25% of the number of irregularity cases but only 3% of the value.

7.52 The UK continues to account for a large proportion of the number of cases, but only a small proportion of the value, reported across the EU. This can be attributed to the high level of awareness in the UK of the requirement to report irregularity cases. The increase in the number of reported cases across the Community reflects greater efforts by Member States to control CAP expenditure. Work is continuing to improve the EU recovery rate. UK recovery rates are generally amongst the best in the Community.

Internal Charging

7.53 The Ministry continues to refine its attribution of central departmental service costs to Agencies. Plans are in hand to extend internal charging to include the use of central services by Programme Managers within the core-Ministry. Internal charging is intended to facilitate both cost awareness and cost control.

Next Steps Initiative in Executive Agencies

7.54 The Directorate of Fisheries Research is scheduled to achieve Executive Agency status in April 1997. A decision to launch the privatisation of ADAS was announced on 4 November 1996 and contracts were exchanged on 20 February 1997. Preparations for creating a new agency, the Farming and Rural Conservation Agency, to take on those ADAS functions that need to be retained in the public sector, were also undertaken under this Programme.

Procurement

7.55 Some 66.5% of MAFF's procurement expenditure is on services, 17.1% on works and 16.4% on goods. Savings of £9.1 million for financial year 1995/96 were identified, subject to audit and review, against an initial target of £7.2 million. Savings targets for 1996/97 and 1997/98 have been set of £8.0 million and £9.1 million respectively. Targets will be reviewed continually. Benchmarking will be undertaken using maturity profile analysis techniques.

7.56 The procurement organisation combines central responsibility for the management of procurement with devolution of operational procurement where appropriate. MAFF is committed to developing strategies for delivering best whole life cost solutions, optimising operational savings and minimising the administrative costs of procurement. MAFF has produced a procurement strategy in response to the Government White Paper *"Setting New Standards – A Strategy for Government Procurement"*

7.57 MAFF has brought in external advisers to work alongside permanent staff. The aim is to provide continuity of advice as well as bringing new ideas and challenges to Government procurement and assimilating best private sector practice where appropriate. The Management Information System (RAMIS) now allows analysis of the purchasing activity of units on a regular

basis. In addition, better information on external consultants and major capital projects will come on stream as a result of recent tightening of internal processes. Current initiatives include:

- reviewing the costs of low value order processing and the costs and benefits of electronic data interchange (EDI) techniques as an alternative to current systems;
- applying supply chain and supply management techniques to improve the quality and value for money of national call-off agreements with key suppliers;
- analysing the way research is commissioned, managed and financed with a view to developing best purchasing practice and techniques;
- refining internal service level agreements (SLAs) between the central procurement group and its customers;
- contributing to inter-departmental working groups to improve collective knowledge and expertise; and
- implementing the recommendations of the Efficiency Scrutiny on Construction procurement.

7.58 Although significant improvements have been achieved, MAFF will continue to improve procurement procedures and contracts activity to provide better value for money, encourage training in procurement skills and the intelligent customer role, reduce its supplier base, and concentrate procurement activity in the hands of skilled practitioners working in cross functional teams.

Competing for Quality

7.59 The Competing for Quality heading encompasses all those activities that may result in private sector involvement in the delivery of services through competition. In the financial year 1994/95 the Ministry completed CFQ activity to the value of £23.66 million, which generated savings of £6.17 million in 1995/96. CFQ reviews affecting £16.38 million worth of activities were due to start in 1996/97. Target savings of between 3.5% and 7.5% have been set. These targets reflect the nature of the service being reviewed or tested, the supply market and the fact that some of the areas covered have been subjected previously to CFQ techniques.

VALUE FOR MONEY

Throughout its programmes, MAFF aims to achieve the best possible value for money. In 1996, in common with other departments, MAFF drew up an efficiency plan setting out the savings and improvements that were sought throughout the year. Efficiencies are secured partly through central initiatives, such as the Fundamental Expenditure and Senior Management Reviews, and partly through actions initiated at local level. Managers have decentralised budgets and have responsibility for running their units in the most efficient way. Savings from all efficiency measures in core-MAFF in 1995/96 are expected to be £30.9m. In 1996/97, MAFF plans to review how efficiency techniques, such as bench-marking, should be developed in the department. In addition, value for money remains the key criterion for the assessment of all projects, including those where use of the PFI is envisaged.

Value for money exercises are carried out under a number of different programmes; details can be found in the appropriate entry:

- *Fundamental Expenditure Review:* see Chapter 1
- *Review of Animal Health and Veterinary Group:* see Programmes PP2:01, CE3:03
- *Internal Charging:* see Programme IR2:01
- *Financial Systems:* see Programme IR2:01
- *ADAS Privatisation:* see Programme IR2:01
- *Procurement:* see Programme IR2:01
- *Competing for Quality and Market Testing* see Programmes IR2:01 and IR1:05
- *Staff inspection and consultancy:* see Programme IR2:02
- *Open Market competition for R&D:* see Chapter 8

Staff Inspection and Consultancy

Programme Code: IR2:02

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs	727	699	725	725	725

7.60 The objectives of this Programme are:

- to assist efficiency in the use of resources and effective organisation, and
- to assist in the core-MAFF/Agency Job Evaluation Review.

7.61 Activities under the Programme include grading guidance and job evaluation, using the Treasury's Job Evaluation and Grading System (JEGS), the results of which will assist in shaping the Ministry's future pay and grading system. The Staff Inspectorate/Consultancy services also includes a small organisation and methods service and general advice on benchmarking,

quality assurance and risk management. The Staff Inspectorate provides services to MAFF's Agencies, as required, on a "shadow" charging basis.

7.62 The emphasis of the Programme has continued to move towards internal consultancy, responding to managers needs as they arise. In 1995/96 90% of resources were devoted to such activities. The Inspectorate is very much demand-led and its services have to be competitive particularly on quality because managers are not obliged to use the service. It must therefore offer within the range of skills a variety of services and maintain comparable standards to external providers. Although the focus of attention has been on the core-MAFF/Agency Job Evaluation Review, and Job Evaluation of Senior Posts Review (JESP), other assignments have covered a wide range of issues e.g. organisational structure, staff resources, market testing, Fundamental Expenditure Review studies, advice on the implementation of House of Commons Select Committee recommendations, general management problems and assistance in the setting up of new Agencies.

7.63 Performance is measured:

a) quantitatively: this includes the percentage of reports to clients within the time-scale agreed with clients (100% in 1995/96)and the amount of "direct" time devoted to assignment work (65%in 1995/96 covering all staff overheads); and

b) qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including delivery and quality of advice. In 1995/96 a rating of 85% was achieved against a target of 60%.

7.64 No formal savings are set for either staff inspection or consultancy work, particularly as the former is an assurance function. Nevertheless savings of £1.9m are likely to achieved in 1996/97 and further savings of £1.5m, £1.5m, and £1.5m are projected for the following years.

7.65 For the immediate future, the key task is to finalise the core-MAFF/Agency Job Evaluation Review, and maintain the JESP System for changes to posts in the Senior Civil Service. Other consultancy work will continue, by providing a management services function that can respond to the Ministry's needs and be competitive for work in Agencies and NDPB's. Further reviews, following up aspects of MAFF'S Fundamental Expenditure Review, are both on-going and planned for the future. In addition work has started on developing a programme of internal Efficiency Reviews to replace the more narrow staff inspection assignments.

USE OF EXTERNAL CONSULTANTS

Following the Office of Public Service and Science (OPSS) scrutiny on the use of external consultants by Government, revised instructions, which further updated the controls defined by the Accounting Officer in October 1994, were issued to Budget Centre Managers within MAFF. These came into effect for the 1996/97 Financial Year and they are designed to ensure that MAFF is able to determine that all external consultancy contracts or related framework agreements let have a sound business case, enjoy effective project management, systematic implementation of results, and post-project assessment. An essential element is the use of common definitions of what constitutes consultancy work. These definitions are those set out in the Efficiency Unit's scrutiny report, and early indications are that some projects previously classified as external consultancy work should more properly have been regarded as belonging to one of the other categories.

Estimates for overall MAFF expenditure (including agencies) on consultancy work for the financial years 1992/93 to 1996/97 are as follows (£m):

Year	1992/93	1993/94	1994/95	1995/96	1996/97#
Non IT	1.8	4.8	6.9	9.3	11.6
IT	5.2	8.3	5.4	5.9	0.3
Total	7.0	13.1	12.3	14.7	11.9

1996/97 figure is a forecast based on the new definitions of categories of consultancy work.

MAFF's objective remains the spread of best procurement practice in all areas of Ministry expenditure on goods and services, of which external consultancy is only a part.

See also Use of External Consultants on BSE Issues, following Programme PP1:04.

Management of Accommodation and Property Resources

Programme Code: IR2:03

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs		7,368	7,368	2,309	935	799
of which	payments to agencies	513	513	502	502	502
	Capital	6,677	5,600	1,510	136	–
Non EU Receipts		-3,930	-3,930	-9,490	-5,480	-3,680
MAFF Administration Costs		92,153	88,085	83,574	76,038	72,100
of which	Capital	39,022	38,787	33,044	27,804	25,804
	Rent	22,705	22,571	21,500	20,500	19,600
	building maintenance	17,000	21,000	21,000	20,500	20,000
Receipts		-654	-516	-504	-504	-504
Net Administration		91,499	87,687	83,070	75,534	71,596

7.66 The objectives of this Programme are:

- to provide, maintain and dispose of buildings and land;
- to make the best use of the minimum amount of accommodation needed to meet MAFF's requirements efficiently; and
- to safeguard the Ministry's property interests.

7.67 Estate rationalisation led to the sale of 18 freehold properties during the 1996/97 year. On 1 April 1996, as a consequence of the Review of the Management of the Government's Civil Estate, the Ministry assumed responsibility from DoE Property Holdings for 54 buildings. Scheme receipts for the year are likely to total £6.44 million compared with £8 million for 1995/96. These are predominantly for sales of land and property and rental income from minor occupiers on the MAFF estate, but also include a small amount for rents for dwellings occupied by farm workers, commercial rents for surplus properties awaiting disposal and payments for wayleaves and easements.

7.68 The new Central Science Laboratory at York was completed in phases between August 1996 and March 1997. The rebuilding of the Veterinary Investigation Centres at Thirsk and Penrith was completed within the original budget and programme. At the Central Veterinary Laboratory at Weybridge a technical building was completed on programme and to budget as was the refurbishment of office accommodation at Guildford.

7.69 All major projects are considered for development under the Private Finance Initiative (PFI). The replacement of outdated offices through PFI schemes was examined at Exeter, Crewe and Northallerton but these ran into various problems and are now being pursued by other means. The redevelopment of the office at Cambridge is being examined as a PFI scheme with guidance from the Private Finance Panel Executive.

7.70 During 1996-97 the majority of activities on building maintenance were concerned with the preparation of forward maintenance programmes for the 54 properties inherited from Property Holdings on 1 April 1996. Annual maintenance costs for the original MAFF estate continue to reduce but total expenditure has increased by £4 million to accommodate the former Property Holdings properties. During the year programmes to reorganise accommodation for the Veterinary Field Service and ADAS were completed, surveys were undertaken in 46 buildings to see what needed to be done to make them "friendlier" to the disabled; and a programme of security improvements initiated. Cost in use data and performance indicators have been collated.

7.71 Over £300k was spent in the financial year on accommodation to meet the needs of BSE work. Further substantial costs will be incurred in 1997/98 but the full extent of the work is not yet known.

7.72 Plans for the future include continuing the disposal of redundant buildings and exploring Private Finance Initiative funding to refurbish or redevelop some of the Ministry's aged buildings, including its Whitehall headquarters.

GREEN HOUSEKEEPING

During 1996/97 the Department's main emphasis was on the last year of a 5 year Government energy efficiency campaign. MAFF, including its Agencies, continued its investment in energy saving schemes comprising low-energy lighting, more efficient heating controls, building insulation and, at one of our largest establishments, a new incinerator was modified to provide waste heat to the whole site. The Government has now set a new target of a 20% reduction in energy consumption by March 2000 compared with a 1990 baseline. This target is very challenging and MAFF is unlikely to meet it due to continuing changes in working practices, the continuing growth in the use of information technology and the business led demands of Agencies. Nevertheless, energy performance is improving throughout the Department and staff awareness programmes will be maintained in addition to further energy saving initiatives.

On the Green Housekeeping front, the Management Board has recently agreed to an independent consultant's recommendation that environmental checks be conducted at MAFF's major sites. The consultant recommended that a formal environmental management system was not appropriate for MAFF. Green Housekeeping initiatives will continue to be implemented covering waste management, pollution prevention, paper recycling, water and heritage conservation, and safeguarding the natural environment.

Ministers and Top Management

Programme Code: IR2:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Scheme Costs	7	7	7	7	7
MAFF Administration Costs	1,859	1,864	1,835	1,805	1,805

7.73 This Programme's objective is to provide Ministers and the Permanent Secretary with the support necessary to fulfil their statutory, Parliamentary, representational and other duties effectively and efficiently.

7.74 Expenditure under the Programme provides for the salaries of Ministers, the Permanent Secretary and the Minister's Special Adviser, and the costs of operating Private Offices. Private Offices provide the necessary liaison between Ministers, the Permanent Secretary and the Ministry, Parliament, other Government departments and outside bodies and individuals. They ensure that Ministers and the Permanent Secretary are adequately briefed for visits, meetings and debates and have the necessary information to make policy and management decisions.

7.75 In 1995-96 Ministers answered 2,127 Parliamentary Questions. 7,436 letters from members of Parliament were also received – 75% of these were answered within 15 working days. In addition, over 50,000 letters were received from members of the public. These received official replies. Numerous telephone enquiries were also dealt with by Private Offices. In all these areas the volume of work increased sharply following the Minister's 20 March announcement to Parliament on BSE.

7.76 1995-96 saw the establishment in Government departments of CAB-E-NET ("Cabinet Electronic Network"), the interdepartmental computer network comprising a Ministerial long-term diary and briefing system. MAFF is fully integrated into CAB-E-NET and contributes to and derives benefit from it.

7.77 A key priority for the year ahead will be to respond efficiently to the needs of the Ministerial team that is appointed after the General Election.

REPORT OF REFERRALS TO THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

During the financial year 1995-96 the PCA referred five new complaints to MAFF. Seven cases were resolved during this financial year. Investigations continue on the five cases referred this year and two cases from previous years.

Seven cases were resolved during this financial year. Of these:

- one case was not upheld by the PCA and
- one case related to a complaint about another organisation who administered an area of MAFF policy. MAFF was asked to explain its policy to enable the PCA to investigate the complaint.

The remaining five cases were partly or fully upheld. These concerned:

- MAFF's administration of fresh meat hygiene legislation. The complaint was partly upheld and an apology given.
- two cases related to inadequate and misleading advice in the scheme literature for the Sheep Annual Premium Scheme. The Department apologised and subsequently amended the scheme literature.
- failure to provide information requested under the Code of Practice on Access to Government Information. The Department provided the information requested with one exception which the PCA accepted was covered by an exemption under the Code.
- incorrect advice relating to milk quota given by the Milk Marketing Board who were acting as the Department's agent. A payment of £13,342 was made to the complainant

EX-GRATIA PAYMENTS

MAFF may make ex-gratia payments to members of the public where the Department has been at fault to some significant degree, or where such payment is otherwise thought to be justified.

In 1995/96 the sum of £1,239,582 was paid out in such circumstances.

By effective management and development of staff

Management of Human Resources

Programme Code: IR3:01

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
MAFF Administration Costs		31,184	31,184	26,840	25,046	24,992
of which	decentralised	9,998	11,941	11,187	10,051	10,017
	centralised	21,186	19,243	15,653	14,995	14,975
Receipts		-1,898	-542	-1,746	-1,909	-1,712
Net Administration		29,286	30,642	25,094	23,137	23,280

7.78 This Programme involves the development and implementation of policies relating to employment, staff management, staff welfare, training and development, health and safety, pay and the cost of office services in most HQ buildings, such as post, messengers, reprographics and record management requirements.

7.79 Pay policies are implemented centrally or through devolved personnel and pay functions in Agencies, Regional Service Centres and certain other business units; staff pay is generally provided for under the Administration cost of each Programme. The costs of personnel and other establishments services provided to MAFF and certain Agencies are covered by this Programme. A table of staff numbers is at Annex 8. The centralised costs represent expenditure on services undertaken by the whole of MAFF, such as payments to seconded staff, early retirement costs and transfer expenses.

Senior Civil Service

7.80 The Senior Civil Service (SCS) came into effect from 1 April 1996. From that date, all staff in core-MAFF and the Agencies (other than ADAS) at the previous Grade 5 level and above became members of the SCS. Personal draft contracts of employment were sent to all members of the SCS for comment and final contracts issued.The number of posts was reduced as planned in the Senior Management Review. The job evaluation of the SCS was completed and the staff placed in a pay structure comprised of nine bands. The 1 April 1996 pay award was implemented within the guidelines laid down by the Cabinet Office. Having introduced new

arrangements for grading, pay and appraisal, consideration is now being given to training and development needs.

Reduction in MAFF running costs

7.81 The Voluntary Early Retirement Scheme, launched in October 1994 as part of a series of measures to reduce the size of the Department is expected to result in a total number of 192 staff leaving core-MAFF by March 1997 (when Treasury support of departmental early departures schemes ceases).

Pay

7.82 From 1 April 1996, MAFF became responsible for delegated pay and grading for staff outside the Senior Civil Service. Those responsibilities are exercised separately by the Chief Executives of the Executive Agencies and the core-Department. Pay negotiations in this first year were a learning exercise for all those involved in core-MAFF, where protracted discussions finally resulted in a settlement with all four unions representing non-SCS grades (IPMS, FDA, PTC and CPSA).

7.83 Progress has been made in reviewing pay and grading and removing many of the inherited complexities. New pay and grading arrangements are now in place in ADAS and CSL. Work is in progress on the introduction in 1997/98 of a uniform pay system for the core-Department, PSD and VMD and new pay and grading arrangements in VLA.

7.84 The Department signed a contract with the newly privatised Chessington Computer Services Ltd, which successfully safeguarded the benefits of the recent market-test of payroll services concluded in 1995. The cost of administering pay (per capita staff) including in-house costs was £107 in 1996/97.

Citizens' Charter

7.85 This Programme now supports the development of the Citizen's Charter initiative within the Ministry (previously under IR1:06). MAFF has now published a total of 25 customer service standards. The Regional Service Centres, which are responsible for making payment under domestic and European Union schemes administered by MAFF, are set performance targets published in 'Commitment to Service' which was revised in January 1995. Performance against these targets is regularly monitored and details of performance for 1995/96 were published in July 1996 see Annex 17. For most schemes over 90% of the targets were met.

Training

7.86 A framework of core competences (entitled MAFF Skills) has been introduced to help staff in the identification of training and development needs. This fits in with the drive for a more effective management culture set out in the Government's White Paper on Development and Training for Civil Servants. It also contributes towards the Ministry's plans to bid to achieve the Investors in People standard.

Table 29: Training in MAFF (including Agencies)

Year	1993-94	1994-95	1995-96	1996-97 (target)
Training days delivered by Staff Training and Development Branch	6,743	7,427	7,106	7,500
% of staff satisfaction with training received	N/A	86%	95%	>80%
Externally provided and other ad hoc training (training days)	43,841	22,492*	22,314	22,500

* The fall in external/other training in 1994-95 was mainly due to changes in the way that technical training was organised in ADAS, and to the absence of recruitment within the Department, especially the Horticultural Marketing Inspectorate.

Recruitment

7.87 Government Departments are required by the Civil Service Commissioners' Recruitment Code to publish summary information about recruitment activity. In MAFF and its Executive Agencies, the majority of recruitment is carried out in accordance with the rules on fair and open competition and selection on merit. The main exception to this is in the area of short term (i.e. under 51 week) casual appointments, where there is no prospect of extension of the appointment or conversion to permanent.

7.88 The total numbers of staff appointed to permanent, fixed term or conditional appointments within core MAFF in the year to 31 December 1996 is as follows:

Table 30: Appointments in MAFF 1996

Grade / Equivalent	Total number		
	Permanent	Period / FTA	Conditional
3	2	–	–
5	1	–	–
6	1	–	–
7	7	1	1
SEO	5	–	–
HEO	9	1	–
EO	40	6	5
AO	56	2	4
AA	162	1	18
Industrial	1	–	–

7.89 The number of occasions on which the permitted exceptions to fair and open competition have been used are detailed at Table 31 below.

Table 31: Extensions of short term appointments 1996

Extensions of appointments of up to 12 months, up to a maximum of 24 months	
2 casual Scientific Officers	employed beyond 51 weeks to keep posts filled until permanent recruits took up post
2 casual Scientific Officers	employed beyond 51 weeks to complete specific tasks
2 casual Higher Scientific Officers	employed beyond 51 weeks to complete specific tasks
1 casual Administrative Assistant	employed beyond 51 weeks to complete specific task
Extensions of short term appointments beyond the initially publicised period, including conversions to permanency	
1 Grade 6	extension of FTA to maximum allowable 8 years – expertise on LINK programmes
1 Grade 7	FTA made permanent. Post was confirmed as permanent – incumbent had acquired specialist expertise to make further competition unnecessary
1 SPTO	FTA made permanent – reasons as above
1 AA	initially a casual appointment converted to an FTA
1 Animal Health Officer	FTA made permanent

Note: In all the above cases, initial recruitment was carried out under the rules of fair and open competition, with appointments being advertised as having the opportunities for extension or conversion to permanency.

The Use of Casual Staff

7.90 The need to ensure that MAFF could respond to reductions in running costs led to a moratorium on the recruitment of permanent staff and greater use of casual staff. At first, a ceiling of 85% of posts being filled by permanent staff was operated. Restrictions were progressively lifted, moving to a recommended level of 5% casuals in permanent posts which was also reduced on the basis that, subject to budgeting constraints, permanent work should be undertaken by permanent staff. There remains a requirement for casuals to cope with seasonal fluctuations and unplanned changes in workloads.

BSE

7.91 The BSE crisis imposed considerable extra work on MAFF, which led to substantial re-dispositions of staffing resources. In the administrative grades, these resources were found from within MAFF, from margins made available by reductions already under way, by redeployment from lower priority work and by recruitment at more junior levels. For scientific, veterinary and technical staff, recruitment was necessary to meet the increased demands of the various measures established to deal with the crisis.

Table 32: Staff in Post by Grade Equivalent, Ethnicity, Gender and Registered as a Disabled Person as at 1 April 1996

Grade Level	Ethnic Minority	%*	Female	%	No. with Disability	%
Grade 7 and above	0	0.00	1	8.00	1	8.00
Higher and Senior Executive Officers	0	0.00	3	20.00	4	27.00
Executive Officers	3	6.00	29	57.00	1	2.00
Administrative Officers and Administrative Assistants	30	12.00	135	55.00	12	5.00
Total	33	10.00	168	52.00	18	6.00

*Based on respondents to the voluntary ethnic origin questionnaire.
This table excludes staff in ADAS and MHS which hold their own human resource and ethnic origin data.

EQUAL OPPORTUNITIES

A new programme of action, covering all aspects of equal opportunities policy, was introduced and circulated to all staff. This provides the framework for continuing action in all areas of the Ministry's work.

Mandatory training in equal opportunities has been extended to cover G7, SEO and equivalent grades. Seminars on equal opportunities and management responsibilities have been held for all staff at Grades 6 to 3. Equal opportunities issues continue to be addressed on all staff management and staff development training courses.

In preparation for the introduction of the Disability Discrimination Act personnel procedures have been reviewed and all staff have been surveyed to establish the number of staff with disabilities and the range of disabilities involved. Guidance on employment elements of the Act has been issued to line managers and to all staff. The second phase of the audit of Ministry buildings to establish what needs to be done to improve access for individuals with a disability has been completed. Improvement works have started and a guide encouraging good practice has been issued to accommodation managers in the Ministry.

Two students of ethnic minority origin have been selected this year for sponsorship under the Windsor Fellowship.

Monitoring of recruitment, appraisal and promotion procedures continues as required by OPS Guidelines.

EXCHANGES OF STAFF

It is Government policy to increase the number of British Civil Servants on secondment to EU institutions since this provides valuable experience. The Department attaches particular importance to such secondments given its extensive involvement in EU decision making. Secondments to and exchanges with the Governments of other Member States and international organisations are also regarded as a useful way of increasing understanding and broadening experience.

During 1996, 6 officers have been on secondment to the Commission as Detached National Experts (DNEs) for varying periods, while 5 officers have undertaken or are currently undertaking 5 month Stagiaire placements. A further 4 officers have been employed as specialists by the Commission on temporary contracts. A secondment to the French Government under the Anglo-French Scheme was completed successfully. The Department has also been successful in arranging a further secondment in France under the Anglo-French Scheme. Also two officers are seconded to international organisations (the Oslo and Paris Commission and the North Atlantic Salmon Conservation Organisation).

In addition, a number of visits were arranged for officials engaged in the implementation of Single Market legislation under the EU's Karolus exchange programme. In 1996, MAFF hosted 5 inward visits and made 7 outward visits, including exchanges under the veterinary exchange programme.

8.1 MAFF funds research to inform its policies, to provide scientific foresight and to contribute to the identification of future policy options. Research contributes to the achievement of the four strategic Aims of the Ministry including the protection of animal welfare. The individual policies it supports are described in the earlier chapters of this report. The Ministry aims to ensure that its research programmes reflect current priorities and that a proper balance is maintained across the whole range of sectors. This includes longer term strategic as well as the more immediately relevant applied specific research. The balance of expenditure is reconsidered annually. MAFF contracts research with a wide range of suppliers including MAFF agencies, research council institutes, higher education institutions, food research associations and other commercial establishments.

8.2 The allocation of expenditure between individual research programmes is given in Table 33 and is not included in the individual programme tables in earlier chapters. In addition to the expenditure detailed here, the Ministry also provides a grant-in-aid to the Royal Botanic Gardens, Kew, under Programme CE2:42, in support of the body's statutory functions, which include research.

To protect the public

8.3 Research supports many policies within this aim. It contributes to food safety where it focuses on identifying, assessing and managing risks resulting from chemical, microbiological and radiological contamination of food, as well as on the development of better diagnostic tests and vaccines for zoonoses, on veterinary medicines and meat hygiene.

8.4 Following the announcement by the Spongiform Encepalopathies Advisory Committee (SEAC) of a possible link between a new variant of Creutzfeldt-Jakob disease of man and BSE, the allocation for the research programme on animal transmissible spongiform encephalopathies was further increased by up to £4 million, taking the total available to £10.4 million in 1996-97. Plans being considered for future research include the expansion of the diagnosis programme, with continued emphasis on the development of a live test, and further epidemiology, pathogenesis and transmission studies on both BSE in cattle and scrapie in sheep.

8.5 On pesticides, research is directed towards improving the efficiency and effectiveness of regulation, the development of analytical methodologies for use in post-approval surveillance programmes and to the development of strategies which will contribute to optimisation of pesticide use.

8.6 The health targets in 'Health of the Nation' are a significant driving force behind the direction and content of the food nutrition programme. This has been reviewed during 1996. Research is currently directed to understanding the relationship between dietary components and cardiovascular disease and cancer and should provide a sound basis for nutritional advice.

8.7 Research on the control of genetically modified organisms and the alleviation of flooding and coastal erosion also contributes to protecting the public.

To protect and enhance the rural and marine environment

8.8 The research programme contributes to many aspects of environmental protection. It focuses on agricultural systems that are competitive but also conserve the environment, and includes work on farm waste management, particularly the release of ammonia and greenhouse gases, nutrient losses, soil protection, and measures to safeguard biodiversity. Much of this research is aimed at least-cost implementation of existing or projected environmental regulations, and is concerned with underpinning the efficient implementation of the Agri-Environment Schemes. In the marine environment, research includes work on the impact of offshore activities such as gas and oil exploitation and sand and gravel extraction. Longer term investigations such as those into the likely impact of climate change are also important.

To improve the economic performance of the agriculture, fishing and food industries

8.9 Research makes an important contribution to these industries' abilities to compete and respond to market forces. Work on reducing inputs of energy, chemicals and water to arable and horticultural crops will remain important and the application of molecular genetics in many areas will contribute to the development of crops with improved qualities to meet market requirements. There is continuing investment in the development of non-food crops, both for biomass and as renewable sources of industrial material.

8.10 Research in the livestock area seeks to improve efficiency of production and ensure that the final product is of the high quality demanded by the consumer while assisting in meeting the dietary targets established in 'Health of the Nation.' Research on animal welfare will continue to be important and now includes work on the production of veal calves and the control of diseases such as sheep scab. In fisheries, research helps in the development of stock management measures and is focused particularly on issues relating to the sustainable nature of the resource.

8.11 In food processing, research funding will continue to be directed towards developing technology transfer to encourage innovation and the development of best practice. Regional technology transfer centres, aimed particularly at Small and Medium sized Enterprises (SMEs), will assist in meeting this aim as will the use of the Teaching Company Scheme.

8.12 Across this whole sector there is an increasing emphasis on the importance of involving industry in planning and funding research from which it will ultimately benefit. LINK programmes on Agro-Food Quality, Technologies for Sustainable Farming Systems, Horticulture, Aquaculture and Sustainable Livestock Systems are already running and others are being

planned. The Aquaculture Programme, for example, will include projects on disease control, the development of new species and product quality.

8.13 The Chief Scientist's budget is used to fund strategic research; for research such as soil science which cuts across programmes; to help initiate LINK programmes and for technology transfer particularly through the teaching company scheme and EUREKA. The Programme also funds a number of important collections of plant genetic resources including the National Fruit Collection at Brogdale and the Vegetable Gene Bank at Horticulture Research International at Wellesbourne.

Use of Research Results

8.14 For research to achieve its purpose the results must be effectively transferred to the user. Research which contributes to the formulation and implementation of policy is mainly in support of the aims of protecting the public and protecting and enhancing the environment for immediate use within the Ministry.

8.15 The results of research undertaken to improve the economic and environmental performance of industry are more complex to transfer. Particular effort is being made to involve industry in planning the direction of research and, where appropriate, its funding, for example through LINK schemes, as this helps to ensure both better targeting of research and effective take up. The Ministry is also developing methods of improving technology transfer using existing programmes such as the Teaching Company Scheme, the establishment of Regional Technology Transfer Centres and sectoral arrangements such as road shows.

RECENT RESULTS FROM MAFF FUNDED R&D

- A long term dietary intervention trial within the Ministry's nutrition research programme has shown that increased consumption of mono-unsaturated fatty acids, such as those found in olive oil, can decrease blood cholesterol levels by 10% without the need for a reduction in overall fat intake.
- Investment in technologies for manipulation of key UK crops has delivered a number of promising transformation systems for wheat, with potential to deliver improved pest and disease resistance.
- A consolidated linkage map for apple has been constructed in association with the European Apple Genome mapping programme and based on several types of molecular marker. This technology will underpin apple breeding and improve efficiency of selection of lines for better quality and pest and disease resistance.
- A LINK project on rationalising fungicide use on wheat using decision models has shown that there is substantial scope for improving the efficiency of cereal disease control and that models can be developed that respond to variation in disease risk by adjusting fungicide input.
- Research has shown that field silage making poses less of a water pollution risk than previously thought. The proposed ban on field silage making, due to be introduced in September 1996, under 1991 regulations, has been shown to be unnecessary to control water pollution. However, as a safeguard production and storage of field silage should not be carried out within 50 metres of a borehole, well or spring.
- Research at DFR (now CEFAS) has demonstrated that organo-phosphate pesticides have a sub-lethal effect on the reproductive behaviour of Atlantic salmon.
- An 'Index of Total Economic Merit' (ITEM), has been developed to allow the farmer to select the best bulls for breeding to improve dairy herd performance. The first release of the index in 1995, allowing selection for milk volume, composition and long term performance of the cow, has been enthusiastically taken up by the industry. A new co-funded project will extend the economic benefits to include reduced mastitis, improved feed uptake and sustained reproductive performance.
- The Ministry's long term funding of breeding grasses and clovers has resulted in four new grass varieties and four new white clover varieties reaching the Recommended Lists in the UK. Clovers fix nitrogen, enabling farmers to produce nutritious pasture without using nitrogenous fertilisers. The new varieties exhibit greater winter hardiness and improved grazing characteristics.
- Research has provided an improved inventory of ammonia emissions from UK agriculture to provide information for background discussions to international negotiations on a new Nitrogen Protocol for the UNECE Convention on Long-Range Transboundary Air pollution. The protocol may include proposals for ammonia emission reductions and the research will help to ensure that any constraints imposed upon agriculture are justified and achievable. Research on abatement techniques will help to identify ways of reducing ammonia emissions in the most cost effective way. The inventory shows that about half the ammonia emissions from UK agriculture come from cattle waste with the rest coming from fertiliser applications, poultry, pigs and sheep.

Table 33: MAFF research funding by Programme

(£'000) Programme Title		Estimated Outturn 1996-97	Plans 1997-98	1998-99	1999-2000
AW1:01	Farm Animal Welfare	4,148	3,928	3,928	3,928
CE1:03	Set-aside	466	356	356	356
CE1:10	Cereals	5,736	5,455	5,455	5,455
CE1:11	Oilseeds and other arable crops	1,728	1,626	1,626	1,626
CE1:20	Beef	1,240	1,194	1,194	1,194
CE1:21	Sheep	2,967	2,872	2,872	2,872
CE1:22	Pigmeat	1,365	1,323	1,323	1,323
CE1:23	Eggs and Poultry	1,224	1,190	1,190	1,190
CE1:24	Milk and Milk Products	2,894	2,802	2,802	2,802
CE2:01	Potatoes	889	962	962	962
CE2:02	Horticulture	11,730	11,294	11,294	11,294
CE2:03	Alternative Crops	971	1,047	1,047	1,047
CE2:11	Improved Marketing	3,076	3,088	3,038	2,988
CE2:20	Plant varieties and seeds	377	367	367	367
CE2:22	Organic farming	1,168	1,139	1,139	1,139
CE2:30	Conservation of Sea Fish Stocks	1,015	3,783	3,783	3,783
CE2:32	Fish Farm & Shellfish Production	860	2,752	2,752	2,752
CE2:40	Rural Economy	101	99	99	99
CE2:41	Land Use	53	53	53	53
CE2:43#	Science Policy	8,112	9,001	9,001	9,001
CE3:01	Prevention and Control of Animal Diseases	6,783	5,948	5,948	5,948
CE3:02	Plant Health	807	765	765	765
PP1:01#*	Food Safety	10,521	6,608	6,608	6,608
PP1:02*	Food Hygiene	–	3,975	3,975	3,975
PP1:03*	Meat Hygiene	533	–	–	–
PP1:04	BSE and Scrapie	6,431	6,681	6,681	6,681
	Additional funding for BSE	4,000	4,000	4,000	4,000
PP1:05	VMD	1,829	1,739	1,739	1,739
PP1:06	Pesticide Safety	8,428	8,045	8,045	8,045
PP1:07	Radiological Protection etc	881	942	942	942
PP1:08	Food Quality	7,289	6,972	6,972	6,972
PP1:09	Fertilisers and Feedingstuffs Standards	90	88	88	88
PP2:01*	Brucellosis and TB	2,011	4,360	4,360	4,360
PP2:02*	Salmonella and other Zoonoses	1,846	–	–	–
PP4:01	Flood and Coastal Defence	2,909	2,829	2,829	2,829
RE2:01	Environment Protection – nutrients	5,860	5,239	5,239	5,239
RE2:02	Environment Protection – general	3,848	3,942	3,942	3,942
RE2:03	Salmon, Whaling & Inland Fisheries	429	638	638	638
RE2:04	Aquatic Environment	508	4,631	4,631	4,631
RE3:01	ESA & Countryside Stewardship	1,754	1,614	1,614	1,614
RE3:02	Wildlife Conservation & Crop Residues	659	819	819	819
RE3:03	Farm Woodlands	1,112	883	883	883
RE3:04	Countryside Management	1,257	1,251	1,251	1,251
	Total	**119,905**	**126,300**	**126,250**	**126,200**
	Fisheries**	5,500			
	Further Reduction yet to be allocated.			-1,500	-2,500
	Net EUROPES reduction				-2,299
	GRAND TOTAL	**123,405**	**126,300**	**124,750**	**121,401**

#Biotechnology research, formerly in Programme CE2:21, is continuing within CE2:43 and PP1:01

*As a result of reorganisation of Programmes and their supporting research from 1997-98 onwards:

PP1:02, PP1:03 and part of PP1:01 will be merged to form PP1:02 Food Hygiene.

PP1:04 will include work on Scrapie in future years.

PP2:01 and PP2:02 will merge to form PP2:01 Zoonoses.

CE3:01 and CE3:03 will merge to form Animal Disease control.

**Fisheries research in 1996/97 is included in the individual Programme tables in the report, in the 'MAFF Administration Cost' figures, calculated on a different cost basis. For 1997/98 onwards, when DFR becomes an Agency as CEFAS, such research (totalling £9,321k) is shown in this table on the same basis as all other research.

ADAS

Programme Code: EA1:01

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
Scheme costs		40	50	35	35	35
of which	payments to other agencies	40	50	35	35	35
Administration costs		74,800	74,800	51,942	51,942	51,942
Receipts		-72,500	-72,500	-52,084	-52,084	-52,084
of which	from core-MAFF	-39,024	-34,912	-35,676	-34,973	-34,039
	from other agencies	-588	-588	-512	-512	-512
Net Administration costs		2,300	2,300	-142	-142	-142

Note: On privatisation the ADAS Programme and related administration costs will no longer be included in MAFF baselines.

9.1 ADAS services include consultancy, advice and information to Government and private and public customers on a fee paying basis, statutory and regulatory work on behalf of Government, and R&D for Government, industry funded organisations and corporate customers.

ADAS performance targets for 1996/97 are:

- to recover 100% of full costs for consultancy services through charges to commercial customers (the remaining costs will be met by MAFF);
- to achieve full cost recovery from all work;
- to reduce the total cost per hour in contract delivery in real terms by 3%;
- to maintain average debtor days at or better than 53;
- to meet 90% of R&D project milestones; and to continue to achieve customer satisfaction as measured by customer surveys.

9.2 ADAS met all its performance targets for 1995/96. These can be summarised as:

Table 34 : ADAS performance against key targets 1995/96

Performance Measure	Target	Achieved
Cost recovery: charged advice	73%	82%
Reduction in cost per direct hour	2%	4%
Debtor Days	55	52
R&D project milestones achieved	90%	99%

9.3 ADAS operates within a net running cost control regime. The annual report, and accounts for 1995/96 were published in July 1996 and are available from **ADAS Headquarters, Oxford Spires Business Park, The Boulevard, Kidlington, Oxon OX5 1NZ.**

9.4 From 1 April 1997 the statutory non-privatisable business activities of ADAS are to be established as a separate joint agency of MAFF and the Welsh Office : the Farming and Rural Conservation Agency (see EA1:08 below). Privatisation of ADAS is expected to go ahead in 1997 subject to the 100% cost recovery target for charged advice being met in 1996/97. The offer for sale will cover the privatisable ADAS as a whole, although sale in parts is not excluded.

Central Science Laboratory (CSL)

Programme Code: EA1:02

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
Administration costs		22,389	22,134	24,323	24,323	24,323
Receipts		-23,894	-23,639	-25,849	-25,849	-25,849
of which	from core-MAFF	-17,252	-17,233	-20,829	-20,229	-20,029
	from other agencies	-3,703	-3,658	-3,546	-3,546	-3,546
Net Administration costs		-1,496	-1,505	-1,526	-1,526	-1,526

9.5 CSL's main objective is to provide scientific support to policy work, as well as a wide range of scientific services including advice, training and support, underpinned by appropriate R&D, to help MAFF to achieve its main aims of ensuring the safe and efficient production of food whilst protecting the consumer and the environment. About 90% of CSL's income is derived from MAFF. The remainder comes from levy bodies, other Government Departments and public and private sector establishments to whom R&D, training and advice is provided on a commercial basis.

9.6 CSL first became an Agency in 1992 and two years later was re-launched as an enlarged Agency following its merger with the MAFF Food Science Laboratories at Norwich and Torry. The past twelve months have been dominated by two issues; the relocation of the majority of CSL sites to a new purpose built laboratory complex near York and the Prior Options review of CSL's services. CSL commenced occupation of the new laboratory in September and by the end of November the bulk of the relocation was successfully achieved. Some remaining units are due to relocate later on completion of further work in York. Non-recurring costs associated with relocation are accounted for under a separate Programme, EA1:07 (below).

9.7 In common with other Public Sector Research Establishments, CSL has been subject to a Prior Options process examining the need for its services and the most effective means of provision. The Minister announced in December 1996 that CSL would remain an Executive Agency of MAFF for the time being, and that it would continue to build links with academic and other research centres.

9.8 Key performance targets for 1996-97 are:

- 94% recovery of full costs after allowing for relocation costs;
- to comply with the budgeting controls resulting from the Public Expenditure Survey (PES) and the Supply Estimates
- 1% improvement in utilisation of productive time;
- achieve an initial ratio of 54% overheads to total costs by 31 March 1997;
- at least 90% of work completed to time and within budget;
- achieve a mean score of 3 on a scale of 0 to 5 for the assessment of customer satisfaction using the established methodology;

9.9 CSL moved to net running cost controls in April 1994 and in 1995-96 met or exceeded all of its measurable targets.

Table 35: CSL performance against key targets 1995-96

Performance Measure	Target	Achieved
Recovery of full economic costs of operation through charges to customers	97%	99%
Improvement in utilisation of productive time	1%	1.5%
Improvement in ratio of overhead to total costs	1%	2.2%
Work completed to time & within budget	90%	92%
Assessment of customer satisfaction (Scale 1 – 5)	3	3

9.10 CSL also met its obligation to implement arrangements for the independent assessment of the quality of its scientific work and publications. Two separate independent Visiting Groups assessed the quality of the scientific management, practices and facilities of both CSL's Food Directorate and its Agriculture and Environment Directorate respectively. The Visiting Group reports were presented to the CSL Ownership Board in late 1995. A very good report was received on the Agriculture Directorate whose quality of science was regarded as comparable with Research Institutes. The report on the Food Directorate identified two very strong groups but also identified some recognised weaknesses in two others which have subsequently been addressed by management action.

9.11 CSL has continued to implement its Quality Improvement System throughout the organisation. Relocation has created opportunities to address process issues but has also caused some delays, not least being the need to induct and train new recruits to the York site. CSL is a member of the British Quality Foundation and carried out an assessment against the European Foundation for Quality model for business excellence in 1995. The next assessment is due in 1997. The Agency is also committed to conducting customer satisfaction surveys on an annual basis. The results of the first two surveys showed a substantial level of satisfaction with performance but highlighted some areas where there was room for improvement.

9.12 During the year CSL has completed a programme of contracting out of services for the new laboratory in York covering facility maintenance, catering, security, cleaning, porters, post and messenger services.

9.13 CSL's Annual Report and Accounts for 1995-96 was published in July 1996 and copies can be obtained from **CSL's Headquarters at Sand Hutton, York YO4 1LZ** or from the SO.

CSL Co-location

Programme Code: EA1:07

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
Administration costs	2,019	2,019	370	0	0

9.14 During 1996 CSL moved from the majority of its present sites to a purpose-built laboratory near York. This Programme covers the costs (excluding construction) of this move, including such items as consultants fees to assist development of efficient operations at York and assistance with project management and migration of IT systems. It also covers equipment removal, parallel running costs and decommissioning, which are not covered by normal running costs.

Veterinary Laboratories Agency (VLA) (formerly CVL and VIS)

Programme Code: EA1:03

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
Scheme costs		19	19	18	18	18
of which	payments to other agencies	19	19	18	18	18
Administration costs		33,590	35,857	38,556	38,556	38,556
Receipts		-38,387	-40,654	-44,794	-44,794	-44,794
of which	from core-MAFF	-31,238	-33,377	-32,557	-32,518	-32,518
	payment for additional BSE services	–	-2,336	-2,336	-2,336	-2,336
	from other agencies	-1,656	-1,637	-,1,599	-1,599	-1,599
Net Administration costs		-4,797	-4,797	-6,238	-6,238	-6,238

9.15 The VLA was launched as an Executive Agency on 1 October 1996. It was created as a result of a review of the Animal Health and Veterinary Group which recommended the merger of the Central Veterinary Laboratory (CVL), already an Agency since April 1990, with the network of Veterinary Investigation Centres (VICs), formerly part of the integrated Veterinary Field and Investigation Services.

9.16 The VLA's aim is to be the primary supplier of specialist veterinary advice to MAFF based on sound investigation and surveillance, laboratory testing, research and development. It also offers these services to other public and private sector organisations on a commercial basis. It operates a network of laboratories in England, Wales and Scotland supported by a central facility at Weybridge, Surrey.

9.17 In 1995-96 much effort went into managing the merger of the two organisations. This involved harmonising financial and management information systems, explaining the implications of the merger to customers and communicating the change to the staff in the new Agency. At the same time veterinary and scientific work continued and has involved playing a principle role in providing consultancy, research and surveillance, to MAFF, on the current BSE crisis.

9.18 The targets for 1996-97 are:

- Recovery of full economic costs of the Agency
- An overall efficiency gain of 3%
- 85% of ROAME R&D milestones achieved
- Achievement of a satisfactory report from a Visiting Group
- Achievement of laboratory accreditation for Bacteriology Department (Salmonella and *E.coli* serotyping) and Analytical Chemistry Unit (extension of the scope of accreditation to include additional tests).

9.19 The Agency operates on a net running cost basis and its performance is monitored by key financial and other performance targets. The 1995-96 targets and achievements were:

Table 36: VLA performance against key targets 1995-96

Performance	Target Set	Achievement
Recovery of full economic costs of the Agency	100%	100%
Overall efficiency gain	2.5%	2.5%
R&D milestones met	85%	86.1%
Service quality	1. A satisfactory report from a Visiting Group. 2. Laboratory accreditation for the Radiochemistry Unit.	1. Achieved 2. Accreditation previously gained confirmed. An An extension to procedures postponed to mid -1996

9.20 Last year the VLA established a Customer Services Unit. Part of their remit is to oversee the application of the principals of the Citizen's Charter to the Agency. The Unit has also put in place a new complaints procedure and will shortly issue a revised Customer Services Statement. A programme to survey customer satisfaction, originally set up for CVL, is currently being revised in light of the merger with the VICs. However, to provide a benchmark for the services offered by the VIC's a pre merger customer survey was carried out.

9.21 The Agencies 1995-96 Annual Report and Accounts, Annual Review 1995-96 and Marketing Brochure may be obtained direct from the **Business Development Unit at VLA; New Haw, Addlestone, Surrey, KT15 3NB.**

Pesticides Safety Directorate (PSD)

Programme Code: EA1:04

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
Scheme costs	3,597	2,979	3,044	3,044	3,044
of which payments to other agencies	3,420	3,420	2,917	2,917	2,917
Administration costs	6,997	6,997	6,652	6,698	6,698
Receipts	-12,996	-12,996	-11,890	-11,890	-11,890
of which from core-MAFF	-6,162	-6,162	-4,950	-4,950	-4,950
Net Administration costs	-5,999	-5,999	-5,238	-5,192	-5,192

9.22 PSD is responsible for controlling the sale, supply, storage, advertisement and use of pesticides, implementing post-approval controls over pesticides and providing policy advice on matters concerning pesticides to Ministers. It receives funding from MAFF for its policy work from Programme PP1:06. The balance of its receipts are received from the agrochemical industry. This is expected to be £6.8m in 1996-97.

9.23 PSD was established as an agency on 1 April 1993. It operates under gross running cost control arrangements. Its key performance targets for 1996-97 are to:

- recover full economic costs
- achieve an annual efficiency gain of 3%
- to comply with budgetary controls resulting from the Public Expenditure Survey (PES) and the Supply Estimates
- meet a range of specific targets for delivery of the various types of application for pesticide approvals
- ensure that the scientific work of the Agency meets acceptable quality standards
- ensure that the policy work of the Agency meets acceptable quality standards.

9.24 It met all of its high level performance targets for 1995-96.

Table 37 : PSD Performance against key targets 1995-96

Performance Measure	Target	Result
Cost recovery	100%	Achieved
Overall Efficiency Gain	2%	4%
Processing of applications:		
– *throughput*	1,171	108%
– *speed through application streams*	85%	Achieved
Customer satisfaction	Carry out survey	Achieved

9.25 The processing time target was met in overall terms and in five out of seven individual application streams. In addition, PSD achieved its target to deliver acceptable standards of scientific work and to deliver an acceptable standard of policy advice. A Customer Satisfaction Survey was carried out in the summer of 1995 by an independent research organisation. The results are being acted upon.

Veterinary Medicines Directorate (VMD)

Programme Code: EA1:05

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
Administration costs	7,424	7,424	7,326	7,009	7,009
Receipts	-8,037	-7,687	-7,957	-7,640	-7,640
of which from core-MAFF	-2,460	-2,460	-2,688	-2,371	-2,371
Net Administration costs	-613	-263	-631	-631	-631

9.26 VMD is responsible to the Agriculture and Health Ministers for the authorisation and controls on the manufacture and marketing of veterinary medicines. It undertakes surveillance of suspected adverse reactions to veterinary medicines, monitors residues of veterinary medicines in meat and animal products, and provides policy advice to Ministers and support to MAFF on matters concerning veterinary medicines.

9.27 The VMD is required to recover the full costs of its activities from its clients. This is achieved through fees charged to the veterinary pharmaceutical companies applying for authorisation of their products and to the slaughterhouse industry for statutory residues surveillance. Policy advice and other support is charged to MAFF. In 1996-97 the reduction

in number of cattle being slaughtered for human consumption resulted in lower than planned income from residue testing. MAFF funding of £350,000 was provided to meet this shortfall on a temporary basis. In addition VMD were asked to provide assurances that bovine material used in the production of veterinary measures did not come from BSE infected animals. Since 1989 VMD has applied rules, adopted by the EU in 1991, to ensure that this did not happen.

9.28 For 1996-97 the key performance targets for VMD are:

- full cost recovery for the three business areas of authorisations, policy work and residues;
- to determine 80% of new applications for authorisations within 120 clock days and 95% within 200 days;
- an overall efficiency gain of 3%;
- to comply with the budgetary controls resulting from the Public Expenditure Survey (PES) and the Supply Estimates;
- to determine 90% of all renewals and variations outstanding on 1 April 1996 by 31 December 1996; and to introduce new internal targets for processing renewals and variations from 1 October 1996.

9.29 In 1995-96, the VMD met four of the six performance targets set for it.

Table 38: VMD Performance against key targets 1995-96

Performance Measure	Target	Result
Cost recovery for licensing	100%	101.8%
Cost recovery for policy	100%	96.7%
Cost recovery for residues business	100%	100.6%
Efficiency gain	2%	-9.4%
Authorisations determined within 120 clock days	75%	97%
Authorisations determined within 200 clock days	95%	98%

9.30 The House of Commons Agriculture Committee reported on its 1995 investigation into VMD. The Committee was impressed by the high regard in which the VMD is held by the pharmaceutical industry and others, and by the Agency's efficiency and effectiveness in discharging its functions. It congratulated the Agency in managing a very heavy workload and maintaining continuing improvements in its service within the resource constraints it faces. The Government accepted most of the Committee's recommendations for improvements and these are being followed up.

9.31 A major organisation change took place within the VMD in December 1995 with the setting up of the Business Unit and the appointment of the VMD Secretary following extra resources provided by MAFF. This will enable the VMD to deal with the increased volume of policy work that has occurred over the last three years and to pay the necessary attention to crucial issues for the development of the Agency such as corporate planning and its people strategy.

9.32 Improvements to VMD's accommodation are urgently required either by moving to leased premises or building on the present site. The latter would require a capital investment of around £4.5m but initial enquiries with developers indicated that this may not be viable under PFI.

9.33 Full details of the VMD's activities and future plans are available in its Annual Report and Accounts, its Corporate Plan and the Medicines Act Veterinary Information Service (MAVIS) its quarterly newsletter. The Annual Report and Accounts for 1995-96 can be obtained from the SO. The Agency's Corporate Plan and MAVIS can be obtained from **VMD, Woodham Lane, New Haw, Addlestone, Surrey KT15 3NB.**

Meat Hygiene Service

Programme Code: EA1:06

£ '000		Planned	Estimated Outturn	Plans		
		1996-97	1996-97	1997-98	1998-99	1999-2000
Administration costs		41,035	67,462	64,187	65,042	64,924
Receipts		-35,030	-57,258	-63,475	-64,650	-64,532
of which	from core-MAFF	-254	-20,854	-25,522	-25,761	-25,643
	SBM enforcement measures	–	-15,590	-25,269	-25,504	-25,386
	from other agencies	-561	-575	-532	-532	-532
Net Administration costs		6,005	7,005	712	392	392

9.34 The MHS was established as an Executive Agency on 1 April 1995 and enforces meat hygiene, inspection and animal welfare at slaughter legislation in licensed fresh meat premises in Great Britain. The aims are to safeguard public health and animal welfare.

9.35 The MHS is required to recover the full costs of its activities from its customers. This is achieved partly through charges to industry for services undertaken by MHS inspection and veterinary staff and partly through charges to MAFF and other Agencies for work on the enforcement of BSE controls, policy advice and other support.

9.36 The legality of certain aspects of MHS charges is still being tested in the European Court of Justice (ECJ). The English High Court has now ruled that MHS charges should be paid in the interim period until the ECJ ruling is available. Customers who have previously delayed payment awaiting the outcome of the High Court hearing are now paying their arrears. At the end of March 1996 debt was forecast at £12.5m. Year-end debt, at 31 March 1997, is forecast to be less than £10m.

9.37 The difference in the estimated receipts outturn for 1996/97 results from the increased work undertaken by the MHS as a result of the BSE crisis. In particular this included additional activity on the enforcement of specified bovine material controls, and new activities on the supervision of the Over Thirty Months Scheme and Calf Processing Aid Scheme on behalf of MAFF and IB respectively.

9.38 Key performance targets for 1996/97 are:

- to achieve full cost recovery;
- to comply with budgetary controls resulting from PES;
- to take all necessary measures to ensure that the slaughterhouse industry complies fully with all legislation applying to specified bovine material;
- to achieve an overall 3% improvement in the ratios of overhead to total costs;
- to increase compliance with hygiene standards in both fresh meat and poultry meat slaughterhouses;
- to provide a formal training programme for all MHS Meat Inspectors, Meat Technicians and OVSs in animal welfare.

9.39 The MHS operates under gross running cost control and its performance is monitored by key financial and other performance targets. In 1995/96, the MHS's first year of operation, the Agency achieved all of its performance targets. These are summarised as follows:

Table 39: MHS Performance against key targets 1995-96

Performance Measure	Target	Result
Full cost recovery	100%	100%
Comply with budgetary controls	£18.8m	£17.8m
Efficiency gains	10%	22%
Holding overhead costs within £8.115m	£6.4m	£8.115m
Establish HAS score baselines for all operators	100%	100%

9.40 In addition, the MHS also met its obligation to raise Hygiene Assessment Scores (HAS) in fully approved red meat slaughterhouses by the end of March 1996; complete a welfare audit of all licensed slaughterhouses by November 1995; and, meet the standards laid down in the MHS Customer Service Statement.

9.41 The Agency has published its Customer Service Statement setting out the level of service it will provide. [In December 1996 the Agency undertook a Customer Satisfaction Survey.]

9.42 The MHS's Annual Report and Accounts for 1995-96 was published in July 1996. The report can be obtained from the SO, or from **MHS, Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 2PX.** Further details of the MHS's activities and future plans are available also in its Business and Corporate Plans. These may be obtained from the MHS.

Farming and Rural Conservation Agency (FRCA)

Programme Code: EA1:08

£ '000	Plans		
	1997-98	1998-99	1999-2000
Administration Costs	18,314	18,314	18,314
Receipts	-20,416	-20,416	-20,416
of which from core MAFF	-16,245	-16,245	-16,245
from WOAD	-3,071	-3,071	-3,071
Net Administration Costs	-2,102	-2,102	-2,102

9.43 FRCA will be established as a joint MAFF / Welsh Office Executive Agency on 1 April 1997, to take on the work previously undertaken by ADAS which cannot be contracted to the private sector. Almost all the 450 or so FRCA staff will be drawn from ADAS and the MAFF Land Use and Planning Unit (LUPU) and will transfer to FRCA on this date. FRCA will work on behalf of Government customers to provide policy and technical advice on agri-environmental schemes, land use planning, and the diversification of the rural economy; and to carry out dairy hygiene inspections. The work of the agency will be monitored by MAFF and the Welsh Office against Memoranda of Understanding agreed with the agency. FRCA will charge the Departments the full economic costs for its services.

9.44 Work undertaken in 1996/97 in preparation for the new agency has been provided for in Programme IR2;01 Financial Planning and Conrol. It included the drafting of a framework document, finalisation of the functions to be undertaken by the Agency and consultation with interested parties on proposals for the Agency's organisation, structure and charging policy.

The Chief Executive designate was appointed in October 1996, and other senior management appointments were announced.

9.45 The Agency will publish its first Annual Report and Accounts in the summer of 1998. These will be available from **FRCA, 17 Smith Square, Nobel House, SW1P 3JR** and SO.

Centre for Environment, Fisheries & Aquaculture Science (CEFAS)

Programme Code: EA1:09

£ '000		Plans		
		1997-98	1998-99	1999-2000
Scheme Costs		48	48	48
of which	payments to other agencies	18	18	18
Administration costs		18,478	18,097	17,997
Receipts		-23,500	-23,700	-23,700
of which	from core-MAFF	-21,958	-21,958	-21,958
	from other agencies	-91	-91	-91
Net Administration costs		-5,022	-5,603	-5,703

9.46 CEFAS will be established as a MAFF Agency in April 1997. It comprises the previous Directorate of Fisheries Research, on four sites at Lowestoft, Burnham-on-Crouch, Weymouth and Conwy, and operating the two ocean-going research vessels RV *Cirolana* and RV *Corystes*.

9.47 CEFAS's main aim is to provide MAFF and other customers with an effective and efficient service of specialist scientific and technical support and consultancy in the fields of:

- fisheries science and management
- aquaculture and fish health
- environmental assessment.

9.48 Currently 95% of CEFAS' work is carried out for MAFF, the remainder made up of studies for other government departments, and for private sector organisations. CEFAS will operate under gross running cost control.

9.49 Up to Agency launch, work for MAFF has been undertaken chiefly under Programmes RE2:03 (Salmon, Whaling & Inland Fisheries), RE2:04 (Aquatic Environment), CE2:30 (Conservation of Sea Fish Stocks), and CE2:32 (Fish Farming and Shellfish Production). After April 1997, funding for the Agency's contributions to these Programmes will appear as Scheme

costs in the relevant core-MAFF Programme head-up tables and as Receipts and Administration Costs under the new Programme EA1:09.

9.50 During 1996/97, CEFAS has been actively preparing for Agency status. A review of management procedures and organisational structure was carried out, and resulted in new arrangements in both Science Groups and Support Units. New systems to support the financial and project management responsibilities of the Agency were identified and implemented. The Chief Executive position was filled through open recruitment, and an Ownership Board appointed. The Prior Options review which concluded that CEFAS should be established as an Agency was completed early in 1996/97, and included recommendations for future actions to enhance efficiency. In particular, Private Finance will be explored as a route to the replacement of the older of the two research vessels, and possibilities for reducing the number of sites occupied by CEFAS will be examined. Progress on both these major initiatives will be made during 1997/98.

9.51 The agency's performance in meeting these targets will be published in the first Annual Report and Accounts, for the year ending 31 March 1998. It will be available from **CEFAS, Pakefield Road, Lowestoft, Suffolk NR33 0HT**, or from the SO.

To operate the Common Agricultural Policy Guarantee Section within the UK as economically, efficiently and effectively as possible in accordance with the policies laid down by Agriculture Ministers.

CAP Market Support and IB Administration Costs

£ '000	Planned	Estimated Outturn	Plans		
	1996-97	1996-97	1997-98	1998-99	1999-2000
CAP Market Support (UK) programme expenditure	2,956,904	4,142,433	3,952,272	3,387,756	3,260,337
of which IB BSE	–	1,1941,120	842,159	590,739	497,117
IB Non-BSE		470,700	523,752	507,336	513,479
Other UK paying agencies *					
of which BSE	–	191,270	–	–	–
Non-BSE	2,351,843	2,286.343	2,226,361	2,239,681	2,249,741
Receipts from the EU	-2,917,631	-3,135,027	-3,224,480	-3,083,115	-3,038,272
of which: BSE	–	-443,300	-561,911	-367,000	-310,000
IB Administration Expenditure					
Gross Running Costs	46,227	62,886	55,085	57,590	56,147
Capital	1,609	1,979	1,767	1,883	1,883
Appropriations-in-Aid receipts: (milk quota charges; other receipts)	-407	-407	-487	-495	-495
Net Administration Costs	47,429	64,458	56,365	58,978	57,535
of which net BSE increase	–	16,464	13,394	13,087	12,914
Consolidated Fund Extra Receipts: (recovery of legal costs; other receipts)	-50	-50	-50	-50	-50

* Other UK paying agencies: MAFF, WOAD, SOAEFD, DANI, Forestry Commission, Countryside Council for Wales

Introduction and Key Features of Year

10.1 The Intervention Board (IB) is an Executive Agency and is the Government Department within the UK responsible for receiving and accounting for the European Union's Common Agricultural Policy (CAP) Guarantee Funds. As well as being the UK funding agency and UK co-ordinating body since October 1995 in respect of EAGGF financial control arrangements, it is one of the seven UK paying agencies approved in late 1995 to implement the various CAP Guarantee schemes, designed to regulate the market in agricultural products.

10.2 The schemes operated by IB are targeted at providing price support to food producers, processors and traders and include the buying, storing and selling of intervention products, issuing and monitoring export licences and also supporting a wide range of agricultural products. During 1996-97 the work of IB was extended to include certain of the measures introduced in respect of BSE. This required IB to review its structure and organisation. In addition to large scale recruitment, it was necessary to redeploy experienced managers and clerical staff. This in itself created tensions that required careful and effective management. IB's plans to rationalise its Reading estate through the early release of two of its Reading offices had to be partly shelved to cope with the increase in staff numbers.

10.3 During the year, as the UK Co-ordinating body, IB established a Harmonisation Committee chaired by the Board's Chief Executive with members from all seven of the UK Paying Agencies. The Committee's primary role is to promote the harmonised application of Community financial regulations and guidelines. In its first year, the Committee focused on the review and implementation of controls necessary to achieve full accreditation required under the new EAGGF financial control regulations (1663/95) introduced in October 1995.

IB Objectives

10.4 IB's Ministerially agreed objectives which are set out in its Policy and Resources Framework Document are to:

- implement CAP measures in full conformity with EU and domestic law;
- advise Agriculture Ministers and their departments of the operational, financial and administrative implications for the UK of changes in current Guarantee Section schemes and proposals for new schemes;
- apply accounting and control standards appropriate to the requirements of the UK Parliament and EU institutions;
- conduct its business in full conformity with the principals of the Citizen's Charter; and in pursuit of these objectives;
- achieve the key performance targets for efficiency, quality of service and financial performance set by Agriculture ministers.

10.5 Overall plans, key performance targets, strategic objectives and the means of progressing towards them are set out in IB's Corporate Plan 1996-97 to 2000-01. IB's Annual Report and Accounts contains performance against key targets as well as information on capital assets. Copies of both the Corporate Plan and the Annual Report are held in the libraries of both Houses of Parliament.

Finance and Accounting

10.6 The financial provision for CAP schemes (non cash limited), which is largely reimbursed by the EU and the administration costs of IB (cash limited) are set out under Class III Vote 1 of the Supply Estimates and are summarised in this report at Annexes 1,3 and 5.

10.7 There was a 3.9% increase in CAP expenditure handled in 1995-96 (£3,088m) over the previous year. In the main this was due to the impact of £green devaluations offset in part by some volume changes in scheme activity, notably reduced intervention buying and selling. The introduction of the BSE measures increased the forecast for 1996-97 to £4,142m, an increase of 40% over the original forecast for the year. The bulk of this increase is under the Over Thirty Month Scheme (OTMS) and increased intervention activity across all commodities, not just those directly affected by the disruption to the beef market. Administration expenditure will also rise as a result of BSE. Current forecasts shows a 61% increase over the previous year to £64m. Much of the increase relates to the employment of agents to monitor and enforce the BSE control measures. Information on staff numbers is set out in Annex 8. The forecasts of BSE related expenditure have been subject to frequent change. In May IB took a Summer Supplementary Estimate to extend the ambit of its vote and to increase its Supply provision by £546.8m. A further increase in provision of £349.5m was secured through a Winter Supplementary. A Spring Supplementary Estimate was taken for £85m to provide the necessary ambit and vote provision for the Selective Cull Scheme, to cover funding of the Suckler Cow top-up payments and to announce a reduction in the level of forecast EAGGF receipts. The provision of timely and reliable forecasts and the assumptions that support them was required to inform Ministers and policy decisions.

10.8 The administration of the BSE measures created significant increases in the monthly expenditure and volumes of claim processing and financial transactions. This included the increased management of securities, guarantees and debts. It also required changes to existing systems and procedures. Close liaison with EU Commission was necessary on a range of financial matters including the timing of EAGGF reimbursement of the OTMS compensation, the write-off of pre BSE beef intervention stocks, and the introduction of an intervention beef buy back and destruction scheme. IB and MAFF were successful in persuading EAGGF that OTMS reimbursement should be at rendering rather than incineration. Much of this work was undertaken at short notice and within tight timescales and had a significant impact on resources.

10.9 IB completed the implementation of its computerised integrated accounting system. This provides cash accounting for both the Exchequer and the EU financial years as well as accruals accounting in accordance with the Companies Act. The system has the capacity for development to cope with the introduction of Departmental Resource Accounting and Resource Budgeting. Increased efficiency has resulted with the timely provision of accurate management and performance statistics.

10.10 The Intervention Board set up an Audit Committee in October 1995, tasked with ensuring that the Board's functions in relation to the Agency's accounts, internal control systems and internal and external audit are fully discharged. In its first report to the Board, the Audit Committee concluded that the practices and standards adopted in IB's internal and external financial statements and reports reflected accepted practice consistent with statutory rules, Government Accounting guidelines and EAGGF requirements.

10.11 IB expanded the responsibilities of its Internal Scheme Control Monitoring Group. As part of the resulting strategy, control plans for all CAP schemes managed by IB were reviewed during the year and a common approach to the recording and analysis of information and risk assessment was introduced. To give an early assurance of the effectiveness of the administration and control arrangements under the OTMS, Internal Audit substantially rescheduled their 1996-97 Audit Plan, undertook 14 systems or interim audits and directly assisted in the drawing up of control plans and the production of instructions to agents and external auditors.

10.12 In its response to the PAC's 22nd Report of the Session 1995-96, Intervention Board for Agricultural Produce: Preventing, Detecting and Acting on Irregularities, IB indicated that it had taken on board the majority of recommendations made by the NAO though some have had to be rescheduled through the diversion of resources to BSE-related schemes.

Scheme Activities

10.13 The EU schemes administered by IB are largely statutory and demand led. Activity under these schemes and related expenditure depends on market conditions, decisions taken by the EU, and the commercial judgement of producers, processors and traders.

10.14 The ban on the export of UK beef and beef products because of BSE impacted substantially on the work of External Trade Division. Exports of milk and milk products were also affected because of Third Country import bans and customer resistance. Extra licensing activity arose on fresh fruit and vegetables and milk and milk products in order to meet GATT/WTO obligations. Discussions continued in the processed goods sector on market management (including recipes registration and control). It is possible that some form of mandatory licensing may need to be introduced. This would be resource intensive. The Division took responsibility for administering the Beef Stocks Transfer Scheme, Beef and Beef Products (Storage and Disposal Services) Scheme, and Animal Feed Recall Scheme.

10.15 Internal market support for beef saw continuous intervention buying from April 1996, following the export ban imposed in the wake of the announcement on BSE. Intervention buying of beef is forecast to continue at high levels with little prospect of sales while the export ban remains. Unexpected intervention buying of skimmed milk powder (SMP) and butter also began in April 1996 as a result of some third country markets reacting to the BSE announcement. SMP offers were the largest since 1984. Butter offers were also well up although buying activity is expected to decline towards the latter part of the survey period. Cereals intervention in 1996-97 is also running ahead of forecasts against a background of a large 1996 harvest. Intake of barley of 775,000 tonnes is expected but lower levels are forecast for the Survey period.

10.16 Milk quota register activity continued to grow with a significant increase in the number of permanent and temporary transfers. This was coupled with a milk levy for 1995-96 which

was higher than the record figure of the previous year. 1996 saw the final in a series of compensation payments to producers for earlier quota cuts.

10.17 The Department's workload has increased substantially because of BSE and because of volume changes in areas affected by the emergency. Increased workload is also expected in connection with high levels of cereals intervention and increased cereals exports. Whilst some other export volumes are reducing, the controls on processed goods and recipes and market management in most other sectors through both import and export licensing etc. have increased and could well increase further if licensing becomes mandatory on processed goods. IB's role in co-ordination and financial control is also evolving and throughout PES is expected to make greater demands on both Finance Division and the operational Divisions. IB continues to demonstrate increasing commitment to anti-fraud and irregularity work.

BSE MEASURES

10.18 As well as impacting on certain existing schemes, the BSE emergency required IB to introduce a number of new schemes to protect the public and provide support to the beef industry.

The Over Thirty Month Scheme

10.19 The Over Thirty Month Slaughter Scheme (OTMS) provided by far the greatest single challenge. A substantial backlog estimated then at some 214,000 animals had built up by the time the first slaughterings began in the week commencing 3 May. The decision was taken at the outset to render carcases into meat and bone meal (MBM) and tallow which would eventually need to be incinerated. Abattoirs and livestock auction markets were designated as entry points to the scheme.

10.20 Rendering lines handling OTM animals could not be used for other material which might be marketed so the industry under guidance of its trade association re-organised to provide 10 plants with dedicated lines capable of handling 12,500 tonnes (25,000 animals) a week of OTM carcases. Towards the end of July the slaughter rate increased to 30,000 animals a week, after a decision was taken to divert carcase material to cold stores, sending only the offal from those animals to the renderers.

10.21 Special arrangements were introduced early on to ensure that cattle in need of emergency on-farm slaughter on welfare grounds could gain access to the scheme. A freephone helpline service was introduced to provide producers with a one-stop casualty service. The service was enhanced in August to deal with the allocation of on-farm slaughtered cattle to both incinerators and abattoirs. A further improvement was made in October to provide a service for cattle in need of emergency slaughter, but which were fit to travel to an abattoir.

10.22 It became clear in August, with throughputs having fallen back to about 25,000 animals a week that the backlog was greater than had originally been estimated. A telephone survey of a sample of 5,000 farmers in England, Wales and Northern Ireland in September indicated a backlog of over 400,000 animals. Urgent steps were taken to step up the rate of throughput. These included in particular the introduction of a new rendering mix to allow a greater proportion of each animal to be consigned to cold store and incentives to the rendering industry to provide more capacity to the scheme, partly by diverting 'clean' material to landfill. In combination these initiatives meant that rendering capacity of up to 18,000 tonnes a week became available by the middle of October allowing over 60,000 animals to be slaughtered, with the use of cold stores for the surplus carcases. Special provision up to a total of £16 million was sought and obtained for the contracting of more expensive containerised cold storage to supplement conventional storage capacity, and IB obtained Treasury approval to convert a number of its grain stores to high quality cold-stores.

10.23 Negotiations with the slaughterers and renderers resulted in the basic fee rates being reduced from £87.50 to £41 per animal for the slaughterers, and from £105/tonne to £75/tonne for the renderers. In the latter case, however, the agreement was based on a rising scale of payments depending on the tonnage made available to the scheme. £75 was payable for up to 12,500 tonnes rising to £105 if the total capacity reached 15,250 tonnes. Both agreements run until 31 March 1997 after which time other arrangements to be based on competitive tendering will apply.

10.24 In the light of continuing uncertainty about the size of the backlog and evidence that some areas of the country were affected to a far greater extent than others a registration system was set up for all animals eligible for the scheme on a census date of 2 November 1996. Application forms were sent to 132,000 holdings in England, Wales and Northern Ireland on 21 October and by 8 November 39,000 producers had registered 328,000 animals. A registration certificate was issued for each animal and, from 11 November in England and Wales and from 18 November in Northern Ireland collection centres were directed to give absolute priority to registered animals.

10.25 The market support cost for the OTM scheme in 1996-97 is projected to be £866m. This will reduce to £346m in 1997-98 and the subsequent PES years.

Table 40; BSE Schemes Key Statistics

Animals slaughtered	1,132,697
Tonnage rendered	439,390
Carcasses in cold store	219,496
Tonnage MBM in store	147,504
Tonnage Tallow in store	90,273
Number participating abattoirs (E&W 45, Scotland 8 and NI 8)	61
Number liveweight collection centres	201
Number of incinerators	14
Number cold stores	39
Number MBM stores	13
Number Tallow stores	2

Calf Processing Aid Scheme

10.26 The Calf Processing Aid Scheme was introduced on 22 April to provide an outlet for male dairy breed calves under 10 days of age which could no longer be exported. The age limit was raised to 20 days on 19 August 1996. 121 abattoirs registered to participate in the scheme and some 72 were active in September. In December 1996 the scheme was extended to include beef breeds. 7,154 of the 50,085 for December were from beef breeds. The number of calves processed was as follows:

Table 41; CPAS processing statistics

April	1,709	September	73,141
May	17,888	October	68,078
June	26,470	November	66,493
July	56,122	December	50,085
August	62,303		

10.27 The estimated scheme cost for 1996-97 is £54m falling to approximately £52m for the following PES years.

Selective Cull Scheme

10.28 Towards the end of 1996-97 the Selective Cull Scheme was introduced. Up to 128,000 animals are expected to be slaughtered with estimated expenditure of £20m in 1996-97 and £163.9m in 1997-98.

Other Disposal Schemes

10.29 IB was also responsible for administering the ***Beef Stocks Transfer Scheme*** designed to provide support to the slaughter sector by offering to purchase unsaleable beef at a price of 65% of its pre-crisis value; the ***Beef and Beef Products (Storage and Disposal Service) Scheme*** whereby IB took responsibility for unsaleable stocks of beef held in the supply chain and its subsequent destruction, and the ***Animal Feed Recall Scheme*** involving the collection and subsequent disposal of animal feed stocks known to contain mammalian meat and bone meal on which a ban on its feeding to farm livestock came into effect on 4 April 1996. Whilst early planning provided for the destruction of the material collected under each of these schemes in 1996-97, because of the limit to the UK rendering and incineration capacity, and the additional pressures put on these sectors by the OTMS, the material had to be stored. Destruction is now planned for completion in 1997.

10.30 Whilst the estimated expenditure for these schemes is approximately £70m in 1996-97 it is due to fall to £4m by the end of 1997-98.

Control Arrangements

10.31 The development of suitable control systems was seen as an important aspect of scheme administration. For example IB set up enforcement teams to identify the control requirements of the OTMS at all stages e.g. abattoirs, cold stores, renderers, incinerators, markets and MBM and tallow stores. The teams were multi-disciplined and comprised Internal Audit, IB verification, Fatstock Inspectorate and the State Veterinary Service.

Anti-Fraud

10.32 The yield/cost ratio of IB's Anti-fraud activities, converted to one of its key targets for 1995-96 was 3.7:1 (see para. 10.33 below and Table 42). Regional verifiers carried out some 5,591 visits to check records and processes against claims. The Anti Fraud Unit (AFU) completed 453 Scrutiny visits under Regulation (EU) No. 4045/89 and pursued cases following these visits. Looking forward, the trend for investigation casework is clearly upward, a development recognised by a significant increase in investigation staff. Further targeting of Scrutiny work in 1996-97 will see specific teams in place specialising in, for example, multi-national companies and particular complex functional areas. The AFU also has responsibility for increasing and developing the use of risk analysis within IB to ensure that resources are targeted to best effect.

Performance Indicators

10.33 IB has eight key performance targets. They are reviewed annually with Treasury and endorsed by Ministers. In 1995-96 IB met six of these targets. Full details are set out in Table 42. The targets for timeliness and accuracy of claims processing, running cost efficiency gains, procurement savings, avoidance of an excess vote and the yield/cost ratio on anti-fraud work were met. IB's performance against the disallowance target is not yet known, nor is it possible to provide a provisional assessment in advance of the outcome of the European Commission's decision on the 1993 clearance of accounts. Productivity whilst still below target at 3.9% showed a measurable improvement over 1994-95 (-0.5%). This improvement was evident early in 1995-96 and was sustained throughout the year. Further improvements in productivity are anticipated in 1996-97. Table [] sets out the output and productivity achieved in recent years and the forecast for the period 1999-00.

Table 42: Intervention Board performance against key targets

Performance Target	1991-92		1992-93		1993-94		1994-95		1995-96		1996-97
	Target	Performance	Target	Performance	Target	Performance	Target	Performance	Target	Performance	Target
% of claims processed to deadlines	–	–	100.0	94.6	98.0	99.9	98.5	99.9	98.5	99.9	99.0
% of claims processed correctly	98.0	97.7	98.0	99.1	98.5	98.8	98.5	98.7	98.5	99.2	98.5
% annual running cost efficiency gains	2.0	-12.0	2.0	1.0	2.5	4.6	2.5	3.6	2.5	3.3	2.5
% improvement in index of productivity	3.0	-7.5	5.0	4.0	5.0	8.0	6.0	-0.5	6.0	3.9	6.0
Disallowance as % EAGGF funds handled	0.43	(0.10) Recovery	0.40	0.08	0.40	0.03	0.40	0.51 [1]	0.40	[1]	0.40
% value for money savings in procurement of and services	2.5	9.1	5.0	6.2	5.0	6.5	5.0	6.7	6.0	8.8	6.0
To maintain expenditure within Vote provision, cash and running cost limits	met		met		met		met		met	met	
Yield/cost ratio of anti-fraud activities[2]	–	–	2.0:1	2.5:1	3.0:1	3.2:1	3.0:1	2.6:1	3.0:1	3.7:1	3.0:1

1. Results for 1994-95 amended to reflect final Commission decision for clearance of 1992 EAGGF accounts. An appeal has been lodged with the ECJ which, if successful, would reduce this to 0.32%. The target for 1995-96 relates to the 1993 clearance of accounts. The exchange of views with the Commission has not progressed sufficiently to allow a forecast of the likely outcome of the Commission disallowance decision.
2. Yield represents the total financial correction revealed by anti-fraud activities, i.e. the total recoveries from, and additional payments to, traders.

Table 43: Intervention Board running costs, outputs and productivity

Performance Target	91-92* Outturn	91-92* Outturn	92-93 Outturn	93-94 Outturn	94-95 Outturn	95-96 Actual	96-97 Forecast[7]	97-98 PES '96	98-99 PES '96	99-2000 PES '96
Gross Running Costs(£'000)[1,2,3]	23,915	27,710	30,291	30,058	29,848	29,812	37,574	37,969	38,606	39,600
Total Manpower[4]	992	1,033	1,056	985	1,018	975	1,190	1,166	1,131	1,129
Aggregate Output [5]	*	*	*	*	*	3,793,151	4,765,662	4,231,294	4,128,542	4,020,887
Output Index	108	104	111	112	113	112	141	125	122	119
Productivity[6]	*	*	*	*	*	3,892	4,005	3,629	3,650	3,561
Productivity Index	114	106	110	119	118	123	126	114	115	112

* Actual figures are not directly comparable with those for later years. 1989-90 represents the baseline year for indices.

1. Running costs exclude VAT recoveries.
2. One-off costs of the relocation, early departure costs and certain IT projects, estate rationalisation are excluded.
3. Superannuation costs are included in all years.
4. Total manpower includes overtime and casuals.
5. Aggregate output is based on unit of work to process one export claim line.
6. Productivity is Aggregate Output/Total Manpower.
7. The impact of the new BSE work is evident from the 1996-97 forecast. The subsequent reductions in manpower and output etc. mark the end of certain of the BSE schemes. There is an inevitable gap between the ending of a scheme and the release of staff and resources.

Efficiency Plans and Value for Money

10.34 IB's annual efficiency plan sets out the challenge to IB in future years of operating within the PES settlement and the means by which the planned efficiencies are to be achieved. The major issues covered in the latest plan are:

- the strategic reviews of efficiency plans/targets;
- market testing and strategic contracting out;
- the restructuring and enhancement of the External Trade computer systems, to increase operational flexibility and reduce maintenance costs;
- the consolidation of computer maintenance contracts into a single source contract and the consideration of PFI; and
- work on Pay and Grading to deliver a suitable new pay and grading structure for all IB staff at Grade 6 and below.

Information on IB's efficiency plan may be found in Government Opportunities Special Report (November 1996).

10.35 Notable efficiency savings have been achieved, and more are planned from the amalgamation of two internal market divisions; management restructuring in IB's Computer Services unit; the reduction of management grades as a result of VER and VES schemes; the introduction and enhancement of an integrated accounting system; the first stage of the rationalisation of the IB's Reading estate, and the improvement of risk analysis techniques in the targeting of anti-fraud resources.

Citizen's Charter

10.36 IB remains committed to the principles of the Citizen's Charter. It continues to maintain and develop initiatives to improve customer service. This includes:

- Trade consultation group meetings for each major customer area
- The issue of a revised Customer Guide and its inclusion on IB's home page on the Internet
- Providing a presence at relevant agricultural shows
- The availability of helplines which are open on weekdays 8.30am to 5pm. Details of these may be found on page [] which sets out the IB's Organisation Chart
- Customers and the public are encouraged to use the anti-fraud hotline
- In-house quality of service awards, service improvement teams and a staff suggestion scheme to encourage improvements in operational efficiency and customer service.

Competing for Quality

10.37 IB has made further substantial progress with its market testing programme. Five tests were completed in 1995-96 bringing the annualised total savings achieved from the programme to over £2m. In-house teams were successful in gaining the contracts for computer operations and technical support work and operational and computer audit. An external bidder won the contract for certification of accounts. IB's forward market testing plan covers virtually all the non-core activities still performed in-house. Requirements for new services which can be efficiently and economically provided by external suppliers will be contracted out as a matter of course.

10.38 IB is pursuing other strands of the Competing for Quality initiative in parallel with market testing. Call-off contracts continue to be developed and the potential for benchmarking and collaborative procurement will be assessed.

10.39 IB is one of 30 Agencies taking part in an organisational benchmarking exercise with the Office of Public Services (OPS). Using the British Quality Foundation methodology centred on self assessment against the European Business Model, the exercise is one of the initiatives aimed at achieving better performance in the Public Sector.

Private Finance Initiative

10.40 IB is now assessing the application of the Private Finance Initiative (PFI) to the procurement of its IT goods and services. It is rationalising its maintenance contracts, and is tendering for the supply of IT equipment and consumables and the delivering of support services. The contract is planned to be awarded early in 1997-98, assuming the necessary risk transfer and value for money essential for a successful PFI project is identified.

Compensation payments for maladministration

10.41 As reported in last year's Departmental Report, one case referred to the PCA was resolved early in 1995-96 and compensation of £14,000 awarded.

10.42 IB's independent adjudicator, who deals with customer complaints about the administration of schemes, received one case in 1995-96. The adjudicator found that the complaint was quite without foundation and that the Agency had acted correctly and properly.

Open Government

10.43 IB has arrangements in place to respond positively, promptly and in convenient form to any reasonable request for information relating to its policies, actions and decisions; and to supply information, for which it is responsible and which is not published. A charge is appropriate when additional work needs to be undertaken to meet a request. An explanatory leaflet and application form are available on request, however, no requests for information were received in 1995-96.

Performance in Paying Bills

10.44 In addition to following the principles of the CBI's prompt payers code IB has now formally signed-up to the code and has signed up to the new British Standard on Prompt Payment (BS 7890). Performance in paying bills is one of the primary internal indicators and results have been published in the Annual Report and Accounts since 1993-94. In 1995-96 payments were made on time in 96.7% of cases against a target of 98.5%. IB's policy is to pay invoices in accordance with the agreed contractual conditions, or where no such conditions exist, within 30 days of the receipt of goods and services or the presentation of a valid invoice, whichever is the later.

Equal opportunities; recruitment

10.45 IB is committed to equal opportunities for all its staff and potential staff, and has published Programmes for Action on Women, Disabled People and Ethnic Minorities. The primary aim is to further improve the grade profile and career development of those groups covered by the Programmes. Equal opportunities training is to begin in 1997 for all staff. Training programmes such as 'Unlocking Potential' have already been held to further develop staff of ethnic minority origin and staff with disabilities. IB has also recently obtained authorisation from the Employment Service to use their 'Two Ticks' symbol 'Positive about Disabled People'.

Specific aims include reflecting in the staff profile the ethnic origin of the local economically active population. Currently 6.3% of staff employed at IB are of ethnic minority origin compared with a population figure of 5% for Reading and Newcastle, where the main offices are based. None of these staff are in Senior Civil Service grades.

A total of 10.7% of staff are disabled, 6.5% are unregistered and 4.2% registered. None of these staff are in the Senior Civil Service grades.

Of IB's total staff, 56% are female. At Grade 7 level the numbers of women have risen from 5% in 1995 to 14.2% in 1996 (although the actual numbers are small); no staff in Grades 3 to 6 are female.

10.46 IB has continued to make positive progress towards accreditation for the Investors in People (IiP) award. The pilot National Vocational Qualification (NVQ) programme in IB has been expanded to include Level 3 NVQ in Administration.

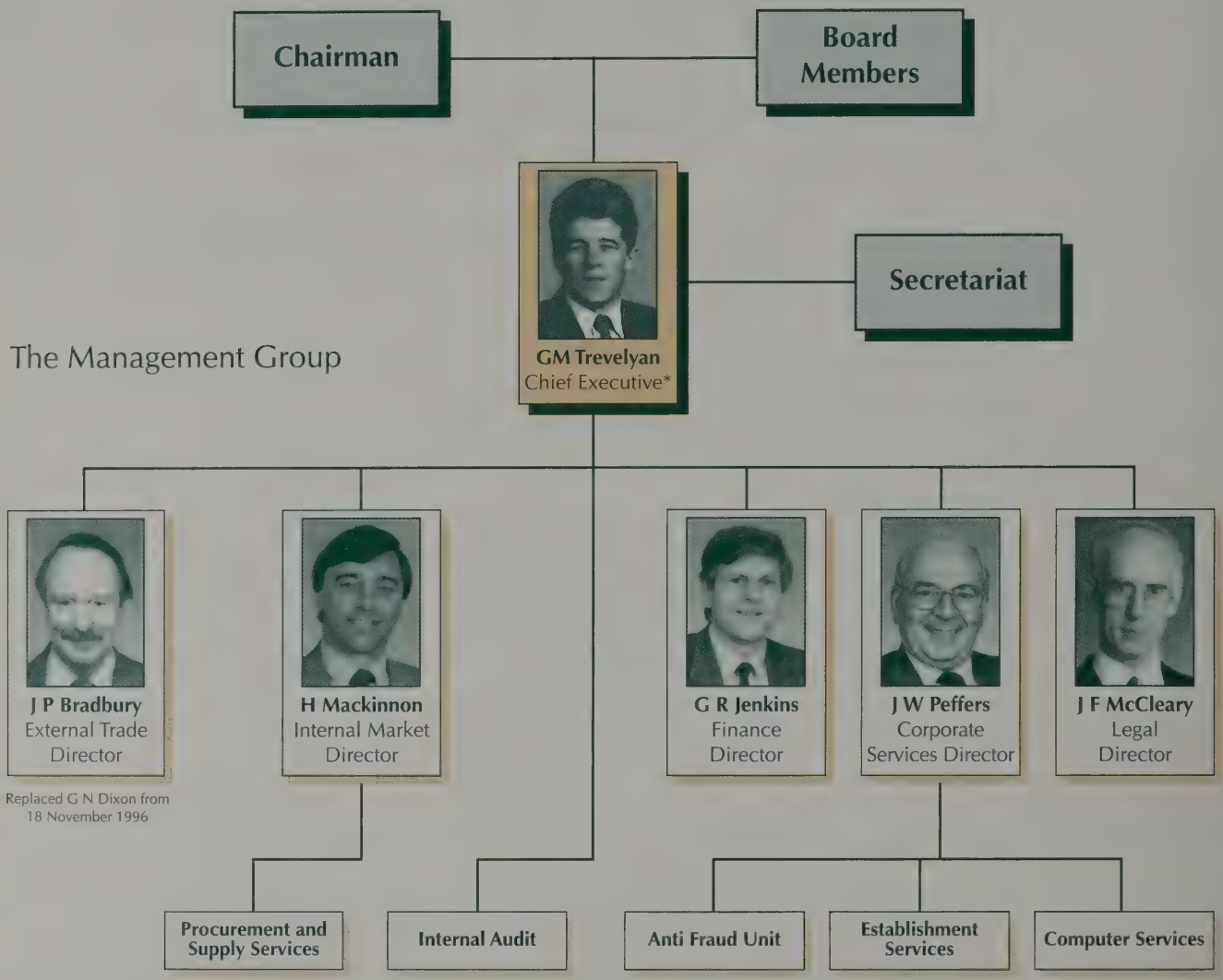
Pay and Grading

10.47 IB is reviewing its pay system including the terms and conditions of service for all IB staff up to Grade 6. The results have already influenced the transition from central pay systems to one designed specifically to meet IB's business needs. In addition, IB is reviewing its staff appraisal system.

Environment

10.48 In May 1996 IB completed the first phase of its Reading estate rationalisation programme, moving staff from its previous main building and from an adjacent office, to a more modern and efficient building. Amongst other environmental features the replacement building has provided the opportunity to install sensor operated office lighting. Lighting usage and cost savings of up to 25% are claimed for this system. The recycling of white paper has been extended to all IB's buildings. The air conditioning systems in two of the buildings have recently been overhauled with the aim of improving air handling and economising on fuel usage and costs.

The Intervention Board Organisation Chart and Helplines



*The Chief Executive is also a board member

Intervention Board helplines:

External Trade	Imports and Exports	0191 226 5050
Internal Market	Over 30 Month slaughter	0118 953 1687
	Crops	0118 953 1999
	Milk Quotas	0118 953 1888
Finance	Trader Registration	0118 953 1405
	Securities	0118 953 1723
Freephone Fraudline		0800 347 347

Annex 1: Cash Plan Table

Ministry of Agriculture, Fisheries and Food and the Intervention Board

Vote Section	Expenditure	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Vote 1	**A Intervention Board and EU expenditure**									
	Central Government expenditure									
	Voted in Estimates									
	Market Support – IB	1,150	1,014	1,045	438	441	1,558	1,129	1,087	1,000
D	*Of which:* BSE						1,100	616	591	497
B	non-BSE	1,150	1,014	1,045	438	441	458	513	497	503
J	Market Support – MAFF[2]	215	365	1,032	1,204	1,516	1,753	1,510	1,516	1,524
H	Clean beef top-up scheme						4			
F	Beef stock transfer and disposal service schemes						70	4		
G	Selective Cull						20	164		
H	Aid to the Disposal Chain							59		
A	Administration	55	43	45	39	40	64	56	59	58
	Other (non-voted)									
	Market Support – IB									
	Market Support – MAFF		#							
	TOTAL CENTRAL GOVERNMENT EXPENDITURE	**1,420**	**1,422**	**2,122**	**1,682**	**1,998**	**3,469**	**2,922**	**2,662**	**2,581**
	Central government grants to local authorities									
	Voted in Estimates									
	Current grants outside AEF									
I	EU grants for school milk and milk products	33	36	31	16	15	13	11	11	11
	TOTAL INTERVENTION BOARD AND EU EXPENDITURE	**1,453**	**1,458**	**2,153**	**1,698**	**2,013**	**3,482**	**2,932**	**2,673**	**2,592**
Vote 2	**Domestic agriculture, fisheries and food Central government expenditure**									
	Voted in Estimates									
A	Programmes to protect the public[1]	63	62	68	70	100	109	146	124	123
B	Demand determined costs of programmes to protect the public	41	55	60	37	25	24	19	17	17
C	Programmes to protect and enhance the rural and marine environment	107	124	133	118	106	123	124	118	125
D	Programmes to improve the economic performance of the agriculture, fishing and food industries[1]	137	158	172	183	188	322	185	167	160
E	Demand determined costs of programmes to improve the economic performance of the agriculture, fishing and food industries	35	32	18	6	5	8	6	6	6
F	Programmes to protect farm animals	3	4	4	4	5	5	5	5	5
G	Programmes to make the best use of internal resources in support of the Ministry's business[1]	147	163	195	183	195	199	172	160	158
H	Operational costs of the Ministry's Executive Agencies[1]	29	-2	-1	-6	17	1	-17	-18	-18
I	Research and development[1]	108	116	118	123	129	126	126	125	121
	ERDF[3]							2	2	2
	Total voted in Estimates	**671**	**713**	**767**	**717**	**769**	**918**	**768**	**704**	**699**

Annex 1: Cash Plan Table

Vote Section	Expenditure	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Other (non-voted)										
	Programmes to protect the public	160	192	214	177	185	186	186	186	186
	Programmes to protect and enhance the rural and marine environment	-1	#	#						
	Programmes to improve the economic performance of the agriculture, fishing and food industries	-3	-2	#	-1	-1				
	Civil defence (emergency and strategic food services)	#		-4	#					
	Total other (non-voted)	**156**	**190**	**209**	**176**	**184**	**186**	**186**	**186**	**186**
	Of which:									
	Central government's own expenditure	156	190	209	176	184	186	186	186	186
	Public corporations (excluding nationalised industries)									
	TOTAL CENTRAL GOVERNMENT EXPENDITURE	**827**	**903**	**976**	**893**	**953**	**1,105**	**954**	**891**	**885**
	Of which:									
	Central government's own expenditure	827	903	976	893	953	1,105	954	891	885
	Public corporations (excluding nationalised industries)									
Central government grants to local authorities										
	Voted in Estimates									
	Capital grants									
J	Programmes to protect the public	22	15	21	25	33	37	26	23	23
	Programmes to improve the economic performance of the agriculture, fishing									
K	and food industries	#	#	#	#	#	1	1	1	1
	Total voted in Estimates	**22**	**15**	**21**	**26**	**33**	**38**	**26**	**23**	**23**
Other (non-voted)										
	Current outside AEF									
	Programmes to protect the public	-161	-193	-215	-178	-185	-186	-186	-186	-186
	Total central government grants to local authorities	**-139**	**-178**	**-194**	**-152**	**-152**	**-149**	**-160**	**-163**	**-163**
	Of which:									
	Current outside AEF	-161	-193	-215	-178	-185	-186	-186	-186	-186
	Capital	22	15	21	26	33	38	26	23	23
Credit approvals										
	Programmes to protect the public	14	12	13	11	17	14	12	15	15
	Programmes to improve the economic performance of the agriculture, fishing and food industries									
	Total credit approvals	**14**	**12**	**13**	**11**	**17**	**14**	**12**	**15**	**15**
	Total central government support to local authorities	**-125**	**-166**	**-181**	**-141**	**-135**	**-134**	**-148**	**-148**	**-148**
	Total domestic agriculture, fisheries and food	**701**	**736**	**795**	**752**	**818**	**971**	**807**	**743**	**737**
	TOTAL MINISTRY OF AGRICULTURE, FISHERIES AND FOOD AND THE INTERVENTION BOARD	**2,154**	**2,194**	**2,948**	**2,450**	**2,831**	**4,453**	**3,739**	**3,416**	**3,329**

Note: (1) These lines contain expenditure relating to additional BSE measures from 1996-97 onwards.
(2) This line contains expenditure relating to additional BSE measures in 1996-97 only.
(3) ERDF lines are now shown in the Department of Environment Class VI Vote 2 and Departmental Report (Cm3607): MAFF retains policy responsibility for the expenditure shown here.
Cash amounts below £0.5 million are not shown.

Annex 2: Reconciliation between Cash Plan Table and Estimates

£ million	1995-96 outturn	1996-97 estimated outturn	1997-98 plans
PUBLIC EXPENDITURE WITHIN THE CONTROL TOTAL (as in Cash Plan Table)	**2,831**	**4,453**	**3,739**
Less non-Voted expenditure within the Control Total	-16	-14	-12
TOTAL VOTED EXPENDITURE WITHIN THE CONTROL TOTAL	**2,815**	**4,438**	**3,726**
VOTED EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL			
Ministry of Agriculture, Fisheries and Food			
Programmes to protect and enhance the rural and marine environment	-16	-20	-21
Programmes to improve the economic performance of the agriculture, fishing and food industries			
Demand determined costs of programmes to improve the economic performance of the agriculture, fishing and food industries	-1,500	-1,732	-1,489
Total Ministry of Agriculture, Fisheries and Food	**-1,516**	**-1,753**	**-1,510**
Intervention Board			
Payments to other government departments or their grant-aided bodies	2,199	2,478	2,226
Total Intervention Board	**2,199**	**2,478**	**2,226**
TOTAL VOTED EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL	**683**	**725**	**716**
ERDF expenditure by MAFF shown on DoE Class VI Vote 2[1]			-2
TOTAL ERDF EXPENDITURE BY MAFF SHOWN ON DoE CLASS VI VOTE 2			**-2**
EU RECEIPTS			
EAGGF (Guarantee) – MAFF	-1	-1	
EAGGF (Guarantee) – IB	-2,603	-3,135	-3,224
EAGGF (Guidance)	-15	-23	-18
Other Receipts		-1	-1
FIFG	-6	-9	-8
TOTAL EU RECEIPTS	**-2,624**	**-3,167**	**-3,252**
TOTAL VOTED EXPENDITURE	**873**	**1,996**	**1,189**

Note: (1) European Regional Development Fund (ERDF) expenditure by other Departments in England now appears on the Department of Environment Class VI Vote 2, but the expenditure continues to be shown in the Cash Plan Table of the originating Department, who retain responsibility for it. A full breakdown of ERDF payments and receipts is given in the Department of Environment annual report Cm 3607.

Annex 3: Expenditure by IB on CAP in the UK

£ million	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Schemes Administered by the Intervention Board									
Beef and Veal									
Intervention purchases	261.1	201.4	38.9	-0.3	-0.5	–	–	–	–
storage etc costs	45.0	44.4	21.8	7.9	2.2	–	–	–	–
sales receipts[1]	-42.0	-60.7	-119.0	-100.0	-26.2	–	–	–	–
Other internal market measures	37.8	29.4	1.2	0.7	0.7	0.7	1.2	1.1	1.1
External market trade	22.3	38.4	68.2	82.2	93.9	–	–	–	–
Beef and Veal total	**324.2**	**252.9**	**11.1**	**-9.5**	**70.0**	**0.7**	**1.2**	**1.1**	**1.1**
BSE Measures									
Intervention purchases	–	–	–	–	–	146.9	191.6	138.2	61.0
storage etc costs	–	–	–	–	–	31.5	53.0	53.2	45.4
sales receipts[1]	–	–	–	–	–	-0.0	0.0	0.0	0.0
External market trade	–	–	–	–	–	-6.7	-0.1	13.5	13.5
Over Thirty Month Scheme purchases	–	–	–	–	–	686.6	228.4	229.4	230.4
OTMS slaughter, disposal costs etc.	–	–	–	–	–	176.7	119.3	106.1	94.9
OTMS Savings	–	–	–	–	–	0.0	-34.9	0.0	0.0
Clean Beef Top up	–	–	–	–	–	4.2	0.0	0.0	0.0
Calf Processing Scheme	–	–	–	–	–	53.8	51.9	51.9	51.9
Beef Stocks Transfer Scheme	–	–	–	–	–	58.0	2.0	0.0	0.0
Beef and Beef Products (Disposal Service)	–	–	–	–	–	6.3	1.0	0.0	0.0
Animal Feed Disposal Service scheme.	–	–	–	–	–	5.3	0.5	0.0	0.0
Selective Cull	–	–	–	–	–	20.0	163.9	0.0	0.0
Aid to Renderers	–	–	–	–	–	0.0	59.0	0.0	0.0
Other measures	–	–	–	–	–	11.6	8.0	0.0	0.0
BSE total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1194.1**	**843.7**	**592.2**	**497.1**
Beef & Veal and BSE total	**324.2**	**252.9**	**11.1**	**-9.5**	**70.0**	**1194.9**	**844.9**	**593.3**	**498.2**
Cereals									
Intervention purchases	8.6	56.0	177.7	5.1	0.2	8.9	48.1	46.5	55.2
storage etc costs	8.7	12.0	22.7	18.6	12.6	5.1	9.3	11.8	14.7
sales receipts[1]	-16.0	-21.1	-16.7	-96.5	-50.9	–	-5.6	-14.7	-9.0
Other internal market – expenditure	28.9	26.9	22.2	12.0	11.1	4.7	16.0	16.0	16.0
Other internal market – receipts[1]	-120.7	-49.6	-0.8	-0.1	-0.0	–	-0.0	–	–
External market trade	216.3	232.1	194.8	128.8	55.7	27.6	68.1	72.1	72.2
Cereals total	**125.8**	**256.3**	**399.8**	**67.8**	**28.5**	**46.2**	**135.9**	**131.6**	**149.1**
Milk and Milk Products									
Intervention purchases	20.4	3.9	10.0	9.8	–	59.7	22.2	13.9	5.1
storage etc costs	2.5	1.1	0.9	0.6	0.2	0.6	1.0	0.9	0.8
sales receipts[1]	-18.5	-11.5	-9.2	-21.0	-1.6	-2.9	-10.8	-11.3	-10.2
Other internal market – expenditure	73.3	65.8	95.2	100.9	97.9	114.8	90.3	93.3	96.4
Other internal market – receipts[1]	-42.0	-38.8	-8.0	-21.6	-43.8	-46.3	-0.1	-0.1	-0.1
External market trade	111.5	111.6	116.6	110.6	94.4	89.3	66.7	60.5	54.3
Milk products total	**147.2**	**132.1**	**205.5**	**179.4**	**147.1**	**215.3**	**169.2**	**157.2**	**146.3**
Oilseeds									
Internal market measures	**207.3**	**125.9**	**163.0**	**2.1**	**0.7**	**0.8**	**0.6**	**0.6**	**0.6**
Pigmeat									
Internal market measures	0.2	–	0.0	-0.0	0.2	0.3	0.3	0.3	0.3
External market trade	2.1	2.1	2.5	2.5	1.9	0.7	2.1	2.1	2.1
Pigmeat total	**2.3**	**2.1**	**2.5**	**2.5**	**2.1**	**1.0**	**2.5**	**2.5**	**2.5**

Annex 3: Expenditure by IB on CAP in the UK

£ million	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Sheepmeat									
Other internal market – expenditure	174.2	3.0	1.0	0.6	0.3	–	2.4	2.4	2.4
Other internal market – receipts[1]	-34.4	-2.1	-0.6	-3.8	-1.1	-2.8	0.0	0.0	0.0
Sheepmeat total	**139.8**	**0.9**	**0.4**	**-3.2**	**-0.8**	**-2.8**	**2.4**	**2.4**	**2.4**
Sugar									
Internal market measures	60.5	50.5	68.9	52.8	44.3	52.7	56.8	56.8	56.8
External market trade	37.2	79.4	85.2	73.8	71.3	69.9	66.8	66.8	66.8
Sugar total	**97.7**	**129.9**	**154.1**	**126.5**	**115.7**	**122.6**	**123.6**	**123.6**	**123.6**
Others									
Internal market measures	15.1	24.8	44.2	18.3	24.5	27.4	31.1	31.2	30.7
External market trade	95.3	94.5	69.8	58.4	54.2	46.4	48.1	48.1	48.1
Miscellaneous (mainly VAT recovery)[1]	-4.3	-5.4	-5.6	-4.1	-0.5	–	-1.5	-1.5	-1.5
Others total	**106.1**	**113.9**	**108.4**	**72.6**	**78.2**	**73.8**	**77.7**	**77.8**	**77.4**
Sub total	**1,150.4**	**1,014.0**	**1,044.8**	**438.3**	**441.4**	**1651.9**	**1,356.7**	**1,088.9**	**999.9**
Payments to Local Authorities School Milk	32.7	35.8	31.4	15.7	15.1	12.9	10.7	10.7	10.7
Intervention Board Total	**1,183.1**	**1,049.8**	**1,076.2**	**454.0**	**456.5**	**1664.8**	**1,367.4**	**1,099.6**	**1,010.6**
[1] These receipts are classed as Appropriations in Aid and total.	-277.9	-189.2	-159.9	-247.1	-124.3	-52.1	-18.0	-27.7	-20.8
Other Appropriations in Aid receipts not specifically identified.	-12.9	-33.6	-4.9	-1.6	-6.7	-19.9	-1.6	-1.7	-1.6
Total Appropriations in Aid	**–**	**–**	**–**	**-248.7**	**-131.0**	**-71.4**	**-19.6**	**-29.3**	**-22.4**

Annex 3: Expenditure by IB on CAP in the UK

£ million	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Schemes Administered by Agriculture and Other Departments									
Arable crops									
Arable area payments scheme									
cereals	–	–	387.4	549.5	818.9	858.1	835.7	835.7	835.7
oilseeds	–	–	153.5	151.7	164.6	170.7	168.1	168.1	168.1
linseed	–	–	–	26.1	28.6	24.8	28.8	28.8	28.8
protein	–	–	101.9	80.0	74.7	66.2	71.8	71.8	71.8
set-aside	–	–	141.8	199.7	200.8	157.0	147.0	147.0	147.0
Arable crops total	**–**	**–**	**784.6**	**1007.0**	**1287.7**	**1276.9**	**1251.4**	**1251.4**	**1251.4**
Cereals									
Repayment of co-responsibility levies	**1.8**	**5.5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Beef and Veal									
Suckler cow premium	87.5	90.4	65.7	169.9	199.3	239.7	250.2	250.2	250.2
Special premium	7.3	6.2	88.7	161.6	246.2	252.7	246.0	246.0	246.0
Deseasonalisation (NI)	0.0	0.0	5.1	4.6	0.0	0.0	4.2	4.2	4.2
Beef & Veal total	**94.8**	**96.6**	**159.5**	**336.1**	**445.6**	**492.4**	**500.4**	**500.4**	**500.4**
BSE Measures									
Suckler cow compensation	–	–	–	–	–	86.8	0.0	0.0	0.0
Beef special premium scheme compensation	–	–	–	–	–	43.7	0.0	0.0	0.0
Beef marketing payment scheme	–	–	–	–	–	57.7	0.0	0.0	0.0
Veal marketing payment scheme	–	–	–	–	–	0.5	0.0	0.0	0.0
MLC Promotion	–	–	–	–	–	2.5	0.0	0.0	0.0
BSE total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**191.3**	**0.0**	**0.0**	**0.0**
Beef & Veal and BSE total	**94.8**	**96.6**	**159.5**	**336.1**	**445.6**	**683.7**	**500.4**	**500.4**	**500.4**
Milk and Milk Products									
Compensation for quota cuts etc	54.6	44.3	79.0	9.8	0.0	0.0	0.0	0.0	0.0
School Milk (NI)	0.8	0.9	0.9	0.6	0.6	0.5	0.5	0.5	0.5
	55.4	**45.2**	**79.9**	**10.4**	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**
Sheepmeat									
Annual premium on ewes	**288.5**	**338.1**	**486.7**	**394.9**	**424.3**	**478.6**	**426.0**	**433.7**	**433.7**
Others									
Orchard grubbing scheme	1.4	0.7	0.5	2.6	7.7	0.0	0.0	0.0	0.0
Oilseeds transitional scheme	–	163.7	4.6	–	–	–	–	–	–
Miscellaneous	–	–	–	0.0	0.0	0.0	•	•	0.0
Agri-environmental measures[1]									
Environmentally sensitive areas	–	–	13.1	10.8	16.0	19.4	23.4	26.2	31.9
Nitrate sensitive areas (pilot scheme)	–	–	0.4	0.2	0.2	0.1	0.0	0.0	0.0
Nitrate sensitive areas	–	–	–	0.0	0.8	1.3	1.6	1.9	2.1
Livestock extensification (pilot)	–	–	0.2	0.1	0.1	–	–	–	–
Moorland scheme	–	–	–	–	0.0	0.1	1.1	0.9	1.0
Countryside access scheme	–	–	–	–	–	–	0.0	0.0	0.0
Habitat scheme	–	–	–	–	0.5	0.9	1.5	1.5	1.6
Organic scheme	–	–	–	–	0.2	0.3	0.8	0.9	1.0
Countryside stewardship scheme	–	–	–	1.8	2.7	3.3	2.8	4.5	7.6
Tir Cymen	–	–	–	1.2	0.9	1.1	1.6	1.6	1.6
Forestry measures[1]									
Farm woodland scheme	–	–	0.4	0.4	0.4	0.3	1.0	0.9	0.9
Farm woodland premium scheme	–	–	0.3	1.7	2.0	1.8	3.2	4.1	5.0
Woodland grant scheme	–	–	4.4	13.4	9.5	9.4	11.1	11.1	11.1
Others total	**1.4**	**164.4**	**23.9**	**32.2**	**41.0**	**38.0**	**48.2**	**53.8**	**63.8**
as Appropriations in Aid of[2]	-3.2	-5.0	-7.7	-4.8	-2.8	-10.3	-1.8	-1.8	-1.8

[1] This annex only includes the CAP element of expenditure on the schemes concerned. Total expenditure is shown under the individual programmes in Chapter 4.

[2] Expenditure is net of certain recoveries classed

Annex 3: Expenditure by IB on CAP in the UK

£ million	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Agriculture and other									
Departments Total	**441.9**	**649.8**	**1,534.5**	**1,780.6**	**2,199.2**	**2,477.6**	**2,226.4**	**2,239.7**	**2,249.7**
Of which:									
MAFF	199.3	354.2	1,037.0	1,203.6	1,526.6	1,645.8	1,510.0	1,516.0	1,523.6
Others [1]	242.6	295.6	497.5	577.0	672.6	831.8	716.4	723.7	726.1
CAP spending in UK	**1,625.0**	**1,699.6**	**2,610.7**	**2,234.6**	**2,655.7**	**4,142.4**	**3,593.8**	**3,339.3**	**3,260.3**
Of which:									
Nationally funded elements	23.9	23.3	2.7	0.2	0.3	480.8	331.3	175.3	164.3
UK Receipts from EU for CAP expenditure (monthly payments, 2 months in arrears)	**1,725.7**	**1,524.8**	**2,806.5**	**2,411.2**	**2,609.5**	**3,140.8**	**3,230.1**	**3,102.0**	**3,055.6**
Of which:									
Appropriations in Aid	1,684.5	1,486.6	2545.4	2234.6	2602.9	3133.3	3224.5	3083.1	3038.3
CFER	40.9	39.3	261.1	176.6	6.7	4.0	9.4	15.0	18.4
Total CAP spending in the EU [3]	22,349	22,722	27545	25263	27876	32460	30577	n/a	n/a
% of EU CAP spending in UK	7	8	8	9	9	9	10	n/a	n/a
Total EU budget [3]	37,643	41,449	50485	46209	54058	66608	61720	n/a	n/a
% of EU Budget represented by CAP	59	55	55	55	52	49	50	n/a	n/a
% of EUBudget spent in UK	8	8	8	8	8	7	8	n/a	n/a

– Scheme not in operation

• Expenditure less than £50,000

[1] This expenditure is included in the main cash plans tables in the Scottish, Welsh and Northern Ireland departmental reports. Forestry Commission expenditure is included in the Scottish departmental report.

[2] Consolidated Fund Extra Receipts which compromise:

EU receipts as above	40.9	39.3	261.1	176.6	6.6	5.8	9.4	15.0	18.4
Receipt in respect of sums previously passed to the EU as "Own Resources" (mainly sugar and isoglucose levies and penalties	50.8	48.7	60.3	69.5	69.8	68.8	57.0	57.0	57.0
Other receipts mainly forfeited securities	3.4	0.9	1.8	2.4	3.2	1.3	0.2	0.2	0.2

[3] From 1995, the membership of the EU expanded to 15, with the accession of Austria, Finland and Sweden

Annex 4: Appropriations in Aid (AAs) and Consolidated Fund Extra Receipts (CFERs)

£'000 Estimates Line	Receipts in respect of	Economic Category (HM Treasury classification)	1995-96 Outturn AAs	1995-96 Outturn CFERs	1996-97 Estimated Outturn AAs	1996-97 Estimated Outturn CFERs	1997-98 Estimate AAs	1997-98 Estimate CFERs
AZ: Programmes to protect the public (PP)	Recovery of VAT relating to the stockpile, milk hygiene and radiological protection of food, brucellosis, tuberculosis and salmonella eradication		-5,018	-327	-5,416		-4,844	
	of which:	Changing the level of stocks and work in progress (F10)	-1,152		–			
		Current transfers abroad (ie EU receipts not via IB) (D20)	-11		–			
		Provision of goods and services (B35)	-3,689	-327	-5,416		-4,844	
		VAT receipts (NB35)	-166		–			
BZ: Programmes to protect the public (PP) (demand determined)**	Recovery of VAT relating to meat hygiene work and Local Veterinary Inspectors' fees and brucellosis and tuberculosis management		-1,627		-1,049		-601	
	of which:	Provision of goods and services (B35)	-508		-415		-275	
		VAT receipts (NB35)	-76		-72		-47	
		Other receipts (C10, G10, H20)*	-1,043		-562		-279	
CZ: Programmes to protect and enhance the rural and marine environment (RE)	HLCAs, farm grants aquatic environment countryside management		-10,764	-24	-8,392		-7,071	
	of which:	Current transfers abroad (ie EU receipts not via IB) (D20)	-6,450		-6,464		-6,270	
		Provision of goods and services (B35)	-4,314		-1,928		-783	
		Other receipts (C10, G10, H20)*		-24			-18	
DZ: Programmes to improve the economic performance of the agriculture, fishing and food industries (CE)	Remote sensing, reimbursement of grants to LFAs and producer organisations, sugar and tobacco plant varieties and seeds, organic farming, horticulture, land use and tenure, fish marketing, fishery structures, fish farming and shellfish production, the Royal Botanic Gardens, Kew, science policy, the prevention and control of animal diseases and plant health		-16,921	-2,430	-31,733	-1	-29,967	
	of which:	Current transfers abroad (ie EU receipts not via IB) (D20)	-5,376	-1408	-22,724		-21,390	
		Provision of goods and services (B35)	-10,863	-845	-8,279	-1	-8,027	
		VAT receipts (NB35)	-572		-463		-463	
		Other receipts (C10, G10, H20)*	-110	-177	-267		-87	

Annex 4: Appropriations in Aid (AAs) and Consolidated Fund Extra Receipts (CFERs)

£'000			1995-96	1995-96	1996-97 Estimated	1996-97 Estimated	1997-98	1997-98
Estimates Line	Receipts in respect of	Economic Category (HM Treasury classification)	Outturn AAs	Outturn CFERs	Outturn AAs	Outturn CFERs	Estimate AAs	Estimate CFERs
EZ: Programmes to improve the economic performance of the agriculture, fishing and food industries (CE) (demand determined)**	Sales of anthrax vaccine, and sales of carcases		-0.3		-3		-3	
	of which:	Other receipts (C10, G10, H20)*	-0.3		-3		-3	
FZ: Programmes to protect farm animals (AW)			–	–	–	–	–	–
GZ: Programmes to ensure the best use of internal resources in support of the Ministry's business (IR)	Press and information services, legal services, economics and statistics, agency support and the Citizen's Charter, financial planning and control, staff inspection and consultancy, management of accommodation and property services, the management of human resources, VAT refunds on contracted out services		-12,437	-167	-8,430		-14,012	
	of which:	Sale of capital assets (E15)	-187		-187		-187	
	Provision of goods and services (B35)		-11,078	-167	-6,887	-11,816		
	VAT receipts (NB35)		-1,359		-1,356		-2,009	
HZ: Programmes of the Ministry's Executive Agencies (EA)	Receipts from MAFF, Other Government's Departments, the private sector, repayment of car loans with respect to the Meat Hygiene Service, and VAT refunds		-171,091	-254	-214,767		-197,881	
	of which:	Provision of goods and services (B35)	-170,934	-254	-214,734		-197,848	
		VAT receipts (NB35)	-7		-33		-33	
		Other receipts (C10, G10, H20)*	-150		–			

* Other receipts include sale of carcases, sales of tuberculin and anthrax vaccine, SFIA repayment of loan capital and refund of grants

** Programmes with demand determined expenditure are PP1:03, PP1:04, PP2:01, PP2:02, CE1:03, CE1:20, CE1:21, CE1:24, CE2:02, CE2:22 and CE3:01. In 1995-96, Programmes RE1:01 and IR2:01 also had demand determined expenditure, but to ensure consistency with the 1997-98 Supply Estimates, receipts from these Programmes can instead be found in lines CZ and GZ. CFERs in 1995-96 were in respect of loans to the SFIA, recovery of prior year overpayment, accrued interest on miscellaneous receipts, receipts from the Covent Garden Market Authority, recovery of interest on payments under the Five Year Set Aside Scheme, and Excess refunds under the Wool Guarantee (UK).

Annex 5: Estimated Provision for 1997-98 by Programme

The Ministry of Agriculture, Fisheries and Food's responsibilities cover the land, sea and other resources used in the production of food, the industries which produce and supply it, and the safety and quality of the final product. In implementing the individual Programmes the Ministry strives to achieve an appropriate balance where there are any conflicts between its Aims. MAFF aims to maximise value for money for all Programmes and to keep costs down in ways consistent with the relevant UK and EU legal obligations.

1997-98 Class III Vote 2 £'000s	MAFF Scheme Costs	Admin. Costs	Receipts*	**Total**
To protect the public (PP) (Sections A, B and J of the Estimates)				
by promoting food safety				
PP1: 01 Food safety	2,049	3,154		5,203
PP1: 02 Food hygiene	2,143	4,803	-1,772	5,174
PP1: 04 BSE & Scrapie	63,446	15,667	-305	78,808
PP1: 05 Veterinary Medicines	2,688	183	-142	2,729
PP1: 06 Pesticides Safety	4,950	256		5,206
PP1: 07 Radiological Protection & Food Contamination	2,828	1,619	-2,900	1,547
PP1: 08 Food Quality & Nutrition	1,811	2,121		3,932
PP1: 09 Feedingstuffs & Fertiliser Standards	324	465		789
Sub-Aim Total	**80,239**	**28,268**	**-5,119**	**103,388**
by taking action against diseases with implications for human health				
PP2: 01 Zoonoses	19,679	10,188	-290	29,577
Sub-Aim Total	**19,679**	**10,188**	**-290**	**29,577**
by planning to safeguard essential supplies in an emergency				
PP3: 02 Emergencies	27	327		354
Sub-Aim Total	**27**	**327**		**354**
by promoting action to alleviate flooding and coastal erosion				
PP4: 01 Flood & Coastal Defence	65,703	2,085	-36	67,752
Supplementary Credit Approvals	12,000			12,000
Sub-Aim Total	**77,703**	**2,085**	**-36**	**79,752**
Aim Total	**177,648**	**40,868**	**-5,445**	**213,071**
To Protect & Enhance the Rural and Marine Environment (Section C of the Estimates)				
by protecting the rural economy particularly in less favoured areas				
RE1: 01 Hill Livestock Compensatory Allowances	41,992	1,174	-5,711	37,455
Sub-Aim Total	**41,992**	**1,174**	**-5,711**	**37,455**
by encouraging action to reduce water & other pollution & by other measures to safeguard the aquatic environment including its fauna & flora				
RE2: 01 Environmental Protection (Nutrients)	7,934	800	-1,610	7,124
RE2: 02 Environmental Protection (General)	976	483		1,459
RE2: 03 Salmon, Whaling & Inland Fisheries	8,762	365	-1	9,126
RE2: 04 Aquatic Environment	3,268	877	-782	3,363
RE2: 05 Farm Grants	2,876	232	-559	2,549
Sub-Aim Total	**23,816**	**2,757**	**-2,952**	**23,621**
by improving the attractiveness & bio-diversity of the rural environment				
RE3: 01 Environmentally Sensitive Areas	38,772	1,617	-14,463	25,926
RE3: 02 Conservation, Habitat Scheme and Access	3,442	452	-900	3,894
RE3: 03 Farm Woodlands	5,905	491	-1,831	4,565
RE3: 04 Countryside Management	1,105	429	-1	1,533
RE3: 05 Countryside Access Scheme	274	63	-60	277
RE3: 06 Moorland Scheme	475	149	-126	498
RE3: 07 Countryside Stewardship Scheme	20,793	1,897	-1,847	20,843
Sub-Aim Total	**70,766**	**5,098**	**-19,228**	**56,636**
Aim Total	**136,574**	**9,029**	**-27,891**	**117,712**

Annex 5: Estimated Provision for 1997-98 by Programme

1997-98 Class III Vote 2 £'000s	MAFF Scheme Costs	Admin. Costs	Receipts*	**Total**
To Improve the Economic Performance of the Agriculture, Fishing & Food Industries (CE) (Sections D, E and K of the Estimates)				
by implementing MAFF's CAP obligations efficiently, & by seeking a more economically rational CAP while avoiding discrimination against UK businesses				
CE1: 01 Central Planning on CAP		1,218		1,218
CE1: 02 CAP Schemes Management	1,260	6,372	-500	7,132
CE1: 03 Arable Area Payments	1,086,171	7,157	-1,085,223	8,105
CE1: 10 Cereals	227	519	-1	745
CE1: 11 Oilseeds and other Arable Crops	128	308		436
CE1: 12 Sugar and Tobacco	1	264	-23	242
CE1: 13 Alcohol and Alcoholic Drinks	407	394		801
CE1: 20 Beef	228,739	10,384	-228,471	10,652
CE1: 21 Sheep	175,140	3,309	-175,024	3,425
CE1: 22 Pigmeat	332	220		552
CE1: 23 Eggs and Poultry	94	1,108		1,202
CE1: 24 Milk and Milk Products	133	937	-796	274
Sub-Aim Total	**1,492,632**	**32,190**	**-1,490,038**	**34,784**
by creating the conditions in which efficient & sustainable agriculture, fishing & food industries can flourish.				
CE2: 01 Potatoes	124	133		257
CE2: 02 Horticulture	1,547	4,026	-81	5,492
CE2: 03 Alternative Crops		208		208
CE2: 10 Trade Policy and Tropical Foods	150	631		781
CE2: 11 Improved Marketing	8,363	776	-4,492	4,647
CE2: 12 International Relations and Export Promotion	5,092	1,144		6,236
CE2: 20 Plant Varieties and Seeds	5,226	1,112	-4,426	1,912
CE2: 22 Organic Farming	1,250	318	-431	1,137
CE2: 23 Deregulation & Agricultural Resources	1,271	858	-50	2,079
CE2: 30 Conservation of Sea Fish Stocks	4,716	1,053	-14	5,755
CE2: 31 Fishery Structures & Markets	19,348	1,150	-8,381	12,117
Supplementary Credit Approvals	345			345
CE2: 32 Fish Farming and Shellfish Production	1,421	448	-6	1,863
CE2: 34 Fishery Management and Enforcement	10,919	3,610	-1,075	13,454
CE2: 40 Rural Economy	15,989	983	-7,550	9,422
CE2: 41 Land Use and Tenure	2,883	1,554	-3	4,434
CE2: 42 Royal Botanic Gardens, Kew	20,951	65		21,016
CE2: 43 Science Policy	2,486	1,555		4,041
Sub-Aim Total	**102,081**	**19,624**	**-26,509**	**95,196**
by taking action against animal & plant diseases & pests				
CE3: 01 Animal Disease Control	18,889	15,137	-1,948	32,078
CE3: 02 Plant Health	3,023	4,548	-623	6,948
Sub-Aim Total	**21,912**	**19,685**	**-2,571**	**39,026**
Aim Total	**1,616,625**	**71,499**	**-1,519,118**	**169,006**
To Protect Farm Animals (AW) (Section F of the Estimates)				
by encouraging high welfare standards				
AW1: 01 Farm Animal Welfare	697	4,085		4,782
Aim Total	**697**	**4,085**		**4,782**

Annex 5: Estimated Provision for 1997-98 by Programme

1997-98 Class III Vote 2 £'000s		MAFF Scheme Costs	Admin. Costs	Receipts*	**Total**
To Ensure the best use of Internal Resources in support of the Ministry's					
Business (IR) (Section G of the Estimates)					
by providing specialist support services					
IR1: 01	Audit		1,561		1,561
IR1: 02	Press & Information Services	6,467	3,807	-8	10,266
IR1: 03	Legal Services		5,682	-794	4,888
IR1: 04	Economics & Statistics	4,694	5,145	-896	8,943
IR1: 05	Information Technology Services		38,451	-481	37,970
Sub-Aim Total		**11,161**	**54,646**	**-2,179**	**63,628**
by allocating resources where they are most needed.					
IR2: 01	Financial Planning & Control	2	4,782	-93	4,691
IR2: 02	Staff Inspection, & Consultancy		725		725
IR2: 03	Management of Accommodation & Property Resources	2,309	83,574	-9,994	75,889
IR2: 04	Ministers & Top Management	7	1,835		1,842
Sub-Aim Total		**2,318**	**90,916**	**-10,087**	**83,147**
by the effective management & development of staff					
IR3: 01	Management of Human Resources		26,840	-1,746	25,094
Sub-Aim Total			**26,840**	**-1,746**	**25,094**
Aim Total		**13,479**	**172,402**	**-14,012**	**171,869**
Ministry's Executive Agencies (EA) (Section H of the Estimates)					
EA1: 01	ADAS (1)	35	51,942	52,084	-107
EA1: 02	CSL		24,323	-25,849	-1,526
EA1: 03	VLA	18	38,556	-44,794	-6,220
EA1: 04	PSD	3,044	6,652	-11,890	-2,194
EA1: 05	VMD		7,326	-7,957	-631
EA1: 06	MHS		64,187	-63,475	712
EA1: 07	CSL Co-Location		370		370
EA1: 08	FRCA		18,314	-20,416	-2,102
EA: 09	CEFAS	48	18,478	-23,500	-4,974
Total		**3,145**	**230,148**	**-249,965**	**-16,672**
Research and Development (Section I of the Estimates)		126,300			126,300
Grand Total		**2,074,468**	**528,031**	**-1,816,431**	**786,068**

Reconciliation

Grand Total	£	786	million
Add back Agri-Environment receipts not deducted in Cash Plan	£	21	million
MAFF total Domestic Agriculture, Fisheries and Food	£	807	million

Notes: (1) ADAS will cease to appear on MAFF Estimates from 1997-98 on privatisation. However the Agency expenditure details appear in Chapter 9 for completeness (contracts of sale had been exchanged but not completed at time of going to print) and are therefore included here.

* Receipts consist of both Scheme Cost related and Administration Costs related receipts. They include both non-EU and EU receipts

Annex 6: Local Authority Expenditure[1]

£ million	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn
Intervention Board and EU expenditure						
Current spending						
EU grants for school milk and milk products	33	36	31	16	15	13
Domestic agriculture, fisheries and food						
Current spending						
Programmes to protect the public (2)	26	31	26	29	37	44
Programmes to protect and enhance the rural and marine environment	-1	-3				-1
Total Current spending	**26**	**28**	**26**	**28**	**37**	**43**
Capital spending						
Programmes to protect the public	48	30	33	31	39	40
Programmes to protect and enhance the rural and marine environment	-6	-1	-10	-14	-7	-11
Programmes to improve the economic performance of the agriculture, fishing and food industries	-18	-22	-45	-61	-31	-46
Total Capital spending	**24**	**6**	**-23**	**-44**	**1**	**-17**
Of which:						
Gross spending	56	36	40	38	48	49
Capital receipts	-32	-30	-63	-82	-47	-66
Domestic agriculture, fisheries and food	49	34	3	-16	38	26
Total Local Authority Expenditure	**82**	**70**	**34**		**53**	**39**

Notes: (1) Local authority expenditure includes central government support identified separately in Annex 1 as well as self-financed expenditure.
(2) Excludes levies on local authorities by the Environment Agency which are classified as a negative item under central government grants to local authorities (see Annex 1). This affects figures for 1991-92 onwards.

Annex 7: Running Costs

	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Intervention Board[2]									
Gross running costs:[1]									
Paybill	16	17	17	17	17	22			
Other	37	25	26	21	21	40			
Total	**53**	**42**	**43**	**39**	**39**	**63**	**55**	**58**	**56**
Related receipts	#	#	#	#	#	#	#	#	#
Net expenditure	**53**	**42**	**43**	**38**	**38**	**62**	**55**	**57**	**56**
Ministry of Agriculture, Fisheries and Food									
Gross running costs:[1]									
Paybill	203	220	240	245	263	304			
Other	123	140	156	162	177	180			
Total	**326**	**359**	**396**	**406**	**440**	**484**	**424**	**419**	**416**
Related receipts	-102	-135	-149	-141	-185	-225	-194	-195	-194
Net expenditure	**224**	**224**	**247**	**266**	**255**	**259**	**230**	**224**	**221**
Gross control:									
Centre for Environment, Fisheries and Aquaculture Science[2]	9	10	11	12	12	12	17	17	16
Meat Hygiene Service[2]				2	37	67	64	65	65
Pesticides Safety Directorate[2]	4	5	6	6	6	7	6	6	6
Running costs by control area:									
Gross control	219	240	272	279	303	352	339	335	332
Net control areas:									
ADAS[2]									
Gross expenditure	68	82	83	80	77	71			
Net expenditure	30	20	15	37	9	6			
Farming and Rural Conservation Agency[2]									
Gross expenditure							18	18	18
Net expenditure									
Central Science Laboratory[2]									
Gross expenditure	17	14	15	23	23	20	23	23	23
Net expenditure	6	-2	1	-1	1				
Veterinary Laboratory Agency[2]									
Gross expenditure	19	21	22	20	29	34	36	36	36
Net expenditure	#	#		-2	6				
Veterinary Medicines Directorate[2]									
Gross expenditure	3	3	3	4	7	7	7	7	7
Net expenditure	2	1	2	1	#	#			

Note: (1) The gross control figures are net of any VAT refunds on contracted out services.
(2) A Next Steps Executive Agency
Indicates expenditure below £0.5m

Annex 8: Staff Numbers

		1991-92 actual	1992-93 actual	1993-94 actual	1994-95 actual	1995-96 actual	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Intervention Board	CS FTEs	974	980	948	905	864	905	1,051	1,048	1,047
	Overtime	27	28	23	23	23	56	23	23	23
	Casuals[1]	44	55	51	83	82	162	97	64	64
TOTAL IB		**1,045**	**1,063**	**1,022**	**1,011**	**969**	**1,123**	**1,171**	**1,135**	**1,134**
Ministry of Agriculture	CS FTEs	6,844	6,706	6,844	6,724[3]	7,262[4]	6,991[5,6]	7,995	7,730	7,595
Fisheries and Food[2]	Overtime	145	137	153	121	318	398	373	371	368
(Gross Control area)	Casuals [1]	464	394	822	651	735	960	355[8]	349	342
TOTAL		**7,453**	**7,237**	**7,819**	**7,496**	**8,315**	**8,349**	**8,723**	**8,450**	**8,305**
Veterinary Laboratories	CS FTEs	599	620	646	635	642	922[5]	969	969	950
Agency	Overtime	17	16	19	16	20	24	20	20	20
(Net Control area)	Casuals[1]	28	29	39	37	29	47	0	0	0
TOTAL		**644**	**665**	**704**	**688**	**691**	**993**	**989**	**989**	**970**
ADAS / Farming and	CS FTEs	2,500	2,201	2,288	1,973	1,721	1,615	440[7]	440	440
Rural Conservation	Overtime	47	51	46	45	49	35	3	3	3
Agency	Casuals[1]	161	152	188	168	143	146	45	45	45
(Net Control area)										
TOTAL		**2,708**	**2,404**	**2,522**	**2,186**	**1,913**	**1,796**	**488**	**488**	**488**
Central Science	CS FTEs	[9]	382	405	578[3]	592	561	517	517	517
Laboratory	Overtime	[9]	0	7	8	8	9	7	7	7
(Net Control area)	Casuals[1]	[9]	43	48	33	58	55	32	36	41
		[9]								
TOTAL		**(9)**	**425**	**460**	**619**	**658**	**625**	**556**	**560**	**565**
VMD	CS FTEs	78	80	88	86	89	99	110	106	106
(Net Control area)	Overtime	0	0	0	0	0	0	0	0	0
	Casuals[1]	6	9	4	4	6	5	0	0	0
TOTAL		**84**	**89**	**92**	**90**	**95**	**104**	**110**	**106**	**106**
TOTAL MAFF		**10,889**	**10,820**	**11,597**	**11,079**	**11,672**	**11,867**	**10,866**	**10,593**	**10,434**

(1) The outturn and estimated figures include casuals filling permanent posts.
(2) Includes PSD, MHS plus CEFAS (from 1 April 1997) staffing figures as they are under gross cost control.
(3) Reflects the transfer of approximately 200 staff from MAFF Food Science Laboratory into the CSL Agency.
(4) Includes recruitment of approximately 900 new staff for the new Meat Hygiene Service from April 1995.
(5) Reflects the transfer of the Veterinary Investigation Service into the VLA.
(6) Includes additional staff recruited to cover BSE related work.
(7) ADAS ceases to exist as a MAFF Executive Agency and FRCA operates as a Net Running Cost Agency as from 1 April 1997.
(8) Plans for future years predict that the use of casuals will reduce significantly.
(9) Figures for Central Science Laboratory are included in the MAFF gross control area for these years.

Annex 9: Senior Civil Service Salaries in MAFF and IB: Pay Bands

Band[1]	Number of Staff[2]
Below £40,000	None
£40,000 – £44,999	5
£45,000 – £49,999	17
£50,000 – £54,999	39
£55,000 – £59,000	25
£60,000 – £64,999	11
£65,000 – £69,999	7
£70,000 – £74,999	8
£75,000 – £79,000	2
£80,000 – £84,999	1
£100,000 – £104,999	1
TOTAL	**116**

Note: [1] Includes performance bonuses received in the current financial year, but relating to performance in the previous financial year, and London weighting, where appropriate.

[2] Includes staff in post on 1 April 1996 but since departed.

Annex 10: Fixed Assets

Analysis by type of Asset (£000's)

	Property	IT Equipment	Scientific & Research Equipment	Fisheries	Furniture & Fittings	Vehicles	Office Equipment	Total
COST OR VALUATION								
At 1 April 95	**117,942**	**10,750**	**20**	**20,851**	**3**	**3,014**	**3,047**	**155,627**
Additions		16,850	41	2,671	309	271	218	20,340
Disposals	-10,434	-116	0	0	0	-193	-55	-10,798
Revaluation at 31 March 96	**107,508**	**27,464**	**61**	**23,522**	**312**	**3,092**	**3,210**	**165,169**
DEPRECIATION								
At 1 April 95	**2,974**	**3,671**	**6**	**11,537**	**0**	**1,338**	**1,640**	**21,166**
Provided in year	1,968	4,559	19	3,124	85	773	496	11,024
Eliminated - disposals	-466	-76				-123	-72	-737
Revaluation at 31 March 96	**4,476**	**8,154**	**25**	**14,661**	**85**	**1,988**	**2,064**	**31,453**
NET BOOK VALUE								
At 1 April 95	**114,968**	**7,079**	**14**	**9,314**	**3**	**1,676**	**1,407**	**134,461**
At 31 March 96	**103,032**	**19,310**	**36**	**8,861**	**227**	**1,104**	**1,146**	**133,716**

Notes: Throughout 1995-97 development work has continued on the Fixed Assets Register. Further work is planned for 1997-98 in order to ensure that the information produced by the system is of the necessary quality to support Resource Accounting and Budgeting (RAB). Under RAB MAFF will be required to prepare a Capital Plan. Further guidance on the scope and content of the Plan are being developed by H M Treasury.

Depreciation is calculated over the expected life of an asset. The specific timescale over which each category of asset has been depreciated therefore takes into account the durability of the asset eg. buildings are depreciated over 50 years whereas IT equipment and allocated cars are depreciated over 4 years.

This Fixed Asset Register covers MAFF only; Agencies maintain their own Asset Registers and determine their own depreciation policies. For further details see the Annual Report and Accounts for the relevant Agency.

Property
20 sites were sold during 1995-96. 19 were buffer depots, disposed of following the decision to sell buffer stocks in previous years.

IT Equipment
The level of expenditure reflects MAFF's increasing use of Information Technology. For example, £4.3m was spent on enhancements to MAFFNET, £3.9m on improving the capabilities and quality of PCs, and £2.5m on enhancements and additions to the ITD bureau machines.
Disposals reflect the replacement of outdated technology particularly in the Economics and Statistics Group.

Scientific and Research Equipment
Additional Equipment was acquired to support the work of the Veterinary Field Service.

Fisheries
Expenditure relates mainly to investment in improvements to scientific and research equipment at the DFR (CEFAS from 1997), together with the upgrade of IT equipment and DFR's vehicle fleet.

Furniture and Fittings
Refurnishing projects were undertaken at two RSCs and in some HQ divisions.

Vehicles
Expenditure largely relates to the replacement of vehicles for field-based organisations such as RSCs and Animal Health Offices. In addition £154k was invested in the centrally administered car pool.

Office Equipment
The replacement and enhancement of reprographic and printing equipment accounted for much of this expenditure, along with the installation of new switchboards.

Annex 11: Long Term Capital Projects

Details of Capital Projects costing over £150,000 and Reconciliation with the Estimate

Current estimate of expenditure (£'000 96-97 prices)	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Total	Spent in past	Estimated provision for 97-98	To be spent in future years
Projects in progress							
CSL Co location [1]	92-93/97-98	97-98	127,548	127,548	120,341	6,210	997
Thirsk VIC [2]	95-96/97-98	97-98	2,730	2,880	2,758	90	32
Penrith VIC [2]	95-96/97-98	97-98	3,790	3,821	3,694	96	31
Guildford Office Refurbishment [3]	95-96/97-98	97-98	3,250	3,250	3,208	42	–
Crewe RSC [4]	97-98/98-99	98-99	4,950	4,950	100	1,200	3,650
VMD Office [5]	97-98/98-99	98-99	3,500	3,500	100	2,700	700
Other schemes costing between £150,000 and £2 million [6]						3,345	
Total work in progress						**13,683**	
Other schemes yet to start [7]						19,341	
Total						**33,024**	

Note:

1. The new Central Science Laboratory in York. This will allow six other laboratories to be closed and, in four cases, the land to be sold.
2. The Veterinary Investigation Centres in Thirsk and Penrith occupied a number of old buildings which no longer complied with environmental, health and safety standards. They have been mainly rebuilt although the better buildings have been refurbished.
3. Two buildings on the Guildford site have been refurbished after 30 years use.
4. The existing Regional Service Centre at Crewe consists of an old house and wartime hutting. The buildings have structural problems and are showing their age. A new office will be acquired on the Business Park and the existing site sold.
5. The Veterinary Medicines Directorate executive agency occupies a collection of sub-standard temporary buildings and an old house. A new office building will be constructed to replace these.
6. This comprises provision for planned projects, currently under negotiation, to fit out leased accommodation for the Exeter and Northallerton Regional Service Centres. Both sites are to be sold for re-development. It also covers smaller refurbishment and technical schemes and studies at Lowestoft, Whitehall and elsewhere.
7. This will fund a series of research facilities for BSE and other Programmes at the VLA site at Weybridge (CVL). It includes replacement of the sub-standard accommodation at Cambridge Regional Service Centre (a PFI contender) and Lasswade.

Annex 12: UK Agriculture, Fisheries and Food – Territorial Breakdown[1]

	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 estimated outturn	1997-98 plans	1998-99 plans	1999-2000 plans
Intervention Board and EU expenditure									
Intervention Board[2]	1,238	1,093	1,121	493	497	1,729	1,422	1,157	1,068
of which: BSE						1,194	842	591	497
non-BSE	1,238	1,093	1,121	493	497	535	580	566	571
MAFF	215	365	1,032	1,204	1,516	1,753	1,510	1,516	1,524
Scotland	94	132	243	285	347	431	366	370	371
Wales	89	107	160	160	183	209	192	194	195
Northern Ireland	60	56	89	115	129	159	146	147	148
Forestry Commission			3	7	8	10	10	10	10
Total Intervention Board and EU expenditure (A)[3]	**1,695**	**1,753**	**2,647**	**2,265**	**2,680**	**4,291**	**3,647**	**3,395**	**3,316**
Domestic agriculture, fisheries and food									
MAFF	701	736	795	752	818	971	807	743	737
Scotland	194	187	179	177	174	190	198	169	168
Wales	66	60	49	51	50	56	66	54	54
Northern Ireland	36	40	33	27	24	27	30	17	17
Total domestic agriculture, fisheries and food (B)	**998**	**1,023**	**1,056**	**1,006**	**1,067**	**1,243**	**1,101**	**983**	**976**
Totals									
Intervention Board	1,238	1,093	1,121	493	497	1,729	1,422	1,157	1,068
MAFF	916	1,101	1,827	1,956	2,334	2,724	2,317	2,259	2,261
Scotland[4]	288	319	422	462	522	621	565	539	539
Wales[4]	155	167	209	211	234	265	258	248	249
Northern Ireland[4]	96	96	122	142	153	186	176	164	165
Forestry Commission[4]			3	7	8	10	10	10	10
TOTAL FOR AGRICULTURE, FISHERIES AND FOOD INCLUDING TERRITORIAL DEPARTMENTS' EXPENDITURE RECORDED ABOVE (A+B)	**2,693**	**2,776**	**3,703**	**3,271**	**3,747**	**5,534**	**4,748**	**4,378**	**4,292**
Plus expenditure in Northern Ireland block not recorded above[4]	117	125	134	160	131	139	142	137	137
TOTAL FOR AGRICULTURE,FISHERIES AND FOOD IN THE UNITED KINGDOM	**2,810**	**2,901**	**3,837**	**3,431**	**3,878**	**5,673**	**4,889**	**4,515**	**4,429**

Notes: (1) Intervention Board and MAFF entries can be derived from totals in Annex 1, parts A and B respectively.

(2) Includes support for local authority expenditure on school milk and milk products financed by EU grant.

(3) The operational and programme costs of the CAP reform schemes are shown against the Agriculture Departments' expenditure for 1993-94 to 1999-2000.

(4) This expenditure is included in the main cash plans in the Scottish, Welsh and Northern Ireland Departmental Reports. Forestry Commission expenditure is included in the Scottish Departmental Report.

Annex 13: Overseas Ministerial Visits

Overseas Ministerial Visits

Date	*Minister*	*Destination*
24 January	Parliamentary Secretary (Mr Boswell)	NTV Horticultural Exhibition, Netherlands
7 February	Parliamentary Secretary (Mrs Browning)	Presentation on TB and Badgers, Dublin
9 February	Parliamentary Secretary (Mr Boswell)	IPM '96 Horticultural Exhibition, Germany
28 February	Parliamentary Secretary (Mrs Browning)	SIA Agricultural Exhibition, France
7-14 September	Minister of State (Mr Baldry)	Trade Mission to Mexico
14-21 September	Minister of State (Mr Baldry)	Trade Mission to Brazil
20 September – 4 October	Parliamentary Secretary (Mr Boswell)	Trade Mission to Indonesia and New Zealand
21-24 September	Minister of State (Mr Baldry)	Trade Mission to Argentina
28 September – 3 October	Minister of State (Mr Baldry)	Trade Mission to Peru

This list does not include the frequent visits made by Ministers to Brussels, Luxembourg to attend Agriculture/Fisheries Council meetings and bilaterals with their EC counterparts. (Because of the BSE crisis a considerable number of additional visits have been made, for bilaterals with the Commission and other Member States).

MAFF Presence at International Exhibitions

Date	*Event*	*Location*
16-17 January	British Growers Look Ahead (BGLA),	NEC, Birmingham
16-20 April	Agro Expo,	Beijing, China
7-10 May	Agrobalt,	Vilnius, Lithuania
1-4 July	Royal Show, NAC,	Stoneleigh, Warwickshire
22-25 July	Royal Welsh Show,	Builth Wells
24 August – 8 September	Expointer,	Esteio (near Porto Allegre), Brazil
30 August – 8 September	Omek '96,	Godollo, Hungary
18-19 September	European Dairy Event, NAC,	Stoneleigh, Warwickshire
24-27 November	Royal Smithfield Show,	Earls Court, London
7-14 December	International Agriculture Fair,	Can Tho, Vietnam

Annex 14: Non-Departmental Public Bodies (NDPBs) Sponsored by MAFF

NDPB	Number if a multiple body	Number of Members (including Chairman and Deputy, if applicable) (a)	Number of Staff employed by the body	Total Gross Expenditure of body (1995-96) (£m)	Amount of Total Gross Expenditure funded by Government (1995-96) (£m)	Other expenditure by sponsoring department (1995-96) (£m) (b)
Executive Bodies						
Agricultural Wages Board for England and Wales	–	21	3.5 (c)	0.245 (d)	0.245	–
Agricultural Wages Committees (England)	15	230	2(c)	0.067 (d)	0.067	–
Apple and Pear Research Council	–	9	1	0.454	–	0.018
Food from Britain	–	14	21.5	10.438	5.4	0.12
Home Grown Cereals Authority	–	16	56	9.044 (e)	0.123	0.027
Horticultural Development Council	–	14	10(f)	2.491(g)	–	0.03
Horticulture Research International	–	10	667(h)(i)	25.695(i)	16.914(i)(j)	0.071
Meat and Livestock Commission	–	14	486	43.170	–	0.324
Milk Development Council	–	11	3	2.009	–	0.014
Regional Flood Defence Committees (k)	9	156	–	–	–	–
Royal Botanic Gardens, Kew	–	12	512.5	26.697	17.081	0.079
Sea Fish Industry Authority	–	11	148	7.576	0.677	0.221
United Kingdom Register of Organic Food Standards	–	8	1.75	0.104 (d)	–	0.089
Wine Standards Board of the Vintner's Company	–	4	12.5	0.456	0.360	0.04
Advisory Bodies						
Advisory Committee on Novel Foods and Processes	–	16	–	N/A	0.125	N/A
Advisory Committee on Pesticides	–	12	–	N/A	0.485(l)	N/A
Agricultural Dwelling House Advisory Committees	15	446	–	N/A	0.272	N/A
Committee of Investigation for Great Britain	–	7	–	N/A	–	N/A
Committee on Agricultural Valuation	–	13	–	N/A	–	N/A
Consultative Panel on Badgers and Tuberculosis	–	18	–	N/A	0.005	N/A
Consumers' Committee for Great Britain	–	7	–	N/A	0.013	N/A
Consumer Panel	–	10	–	N/A	0.162(m)	N/A
Farm Animal Welfare Council	–	22	–	N/A	0.302	N/A
Food Advisory Committee	–	15	–	N/A	0.1	N/A
Hill Farming Advisory Committee	–	15	–	N/A	0.024(n)	N/A
Regional Panels	9	84	–	N/A	0.1	N/A
Salmon Advisory Committee (o)	–	11	–	N/A	0.075(p)	N/A
Spongiform Encephalopathy Advisory Committee (q)	–	13	–	N/A	0.032	N/A
Sugar Beet Research and Education Committee	–	8	–	N/A	–	N/A
Veterinary Products Committee	–	21	–	N/A	0.082	N/A
Tribunals						
Agricultural Land Tribunals (England)	7	284	–	N/A	0.175	N/A
Dairy Produce Quota Tribunal	–	70	–	N/A	–	N/A
Meat Hygiene Appeals Tribunal (England and Wales)	–	22	–	N/A	0.031	N/A
Plant Varieties and Seeds Tribunal (r)	–	35	–	N/A	–	N/A
Public Corporations						
Covent Garden Market Authority	–	6	–	N/A	–	N/A

(a) This figure includes both members appointed by HM Queen or HM Government and those appointed by others.
(b) This is the net cost to MAFF in carrying out its sponsorship role in 1995-96. These figures principally include staff costs, accommodation and common service costs, fees and expenses. They exclude expenditure which is repaid by the body; loans to the body and payments to it for services; direct funding as shown in the previous column; and expenditure on associated policy work undertaken by the department which does not depend upon the existence of that body.
(c) Supported by staff from within the sponsoring department. Representatives of workers and employers are nominated by their respective unions.
(d) Expenditure forms part of the total MAFF expenditure.
(e) Forecast expenditure for the year ending 30 June.
(f) One member of staff seconded from MAFF.
(g) Expenditure is for the period 1994-95 since the HDC financial year runs from 1 October to 30 September.
(h) Only 170 staff are employed directly. The rest are seconded from the Biotechnology and Biological Sciences Research Council (405 staff) and MAFF (92 staff).
(i) Data relates to 1995-96.
(j) Includes £13,247m income commissioned on a customer/supplier basis.
(k) RFDCs are statutory executive committees of the Environment Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA is accountable for expenditure.
(l) Total includes a percentage of costs which are subsequently recouped from industry. Costs are for MAFF and the Health and Safety Executive and include staff costs incurred by the Advisory Committees supporting panels.
(m) £0.006m of this expenditure is borne on the Department of Health's vote.
(n) Excludes costs incurred by Department of Agriculture for Northern Ireland and the Welsh Office Agriculture Department.
(o) The Salmon Advisory Committee was wound up at the end of the 1995-96 financial year.
(p) Excludes costs incurred by Scottish Office Agriculture and Fisheries Department and the Welsh Office Agriculture Department.
(q) Jointly funded by the Ministry of Agriculture, Fisheries and Food and the Department of Health.
(r) One tribunal covers the UK but there are separate chairpersons depending upon whether it meets in England and Wales, Scotland or Northern Ireland. The Tribunal has not been convened since 1984.

Annex 15: Independent Advisory Committees on Food Matters

This annex gives details of the main advisory committees on food matters. Their work is relevant in particular to Programmes PP1:01, PP1:02, PP1:04, PP1:05, PP1:06 and PP1:08.

ADVISORY COMMITTEE ON THE MICROBIOLOGICAL SAFETY OF FOOD (ACMSF)

1 This Committee, which is supported jointly by MAFF and DH, has the general remit of advising Ministers on the microbiological safety of food, and on the Government's microbiological food surveillance programme. It has a broad membership which includes academic, health, industry and consumer interests. The ACMSF is expected to publish two major reports during 1997-98, one on foodborne viral infections and the other on microbial antibiotic resistance.

ADVISORY COMMITTEE ON NOVEL FOODS AND PROCESSES (ACNFP)

2 The ACNFP, made up mainly of scientists but including members with a consumer and ethical background, advises Ministers on safety issues to do with novel foods and processes and scrutinises individual applications for products which firms wish to market in the United Kingdom. It is now clearing about 12 applications a year and the number is increasing.

ADVISORY COMMITTEE ON PESTICIDES (ACP)

3 The ACP is a statutory expert committee advising Ministers on any matters relating to the control of pests, and in particular, the regulation of pesticides. Its main role is to recommend whether pesticides can be allowed for use and if so under what conditions. An Annual Report summarising its work is published (see Bibliography), as are all its evaluations of particular pesticide chemicals.

COMMITTEE ON MEDICAL ASPECTS OF FOOD AND NUTRITION POLICY (COMA)

4 This is a DH Committee which advises Government through the Chief Medical Officer on nutritional aspects of health in relation to policy. It has a broad membership, principally medical and scientific, but with consumer, industry and other interests represented. Current work includes a review of nutritional aspects of cancer, and a scrutiny of existing data on the nutritional status of the population.

COMMITTEES ON TOXICITY/MUTAGENICITY/CARCINOGENICITY OF CHEMICALS IN FOOD, CONSUMER PRODUCTS AND THE ENVIRONMENT (COT/COM/COC)

5 These DH Committees assess and advise on the toxic risks to man of substances in food, consumer procucts and the environment. They also advise on important general principles or new scientific discoveries in connection with toxic risks and make recommendations for toxicity testing. They are made up of medical and scientific experts and work closely with other Committees, especially the Food Advisory Committee.

CONSUMER PANEL (CP)

6 The Consumer Panel is made up of ordinary consumers nominated by the main consumer organisations, who discuss with the Minister of Food matters of concern relating to food safety and make sure that the information they seek is publicly available.

FOOD ADVISORY COMMITTEE (FAC)

7 This broadly based committee, with members from academic, industry, enforcement and consumer backgrounds, advises Ministers on the chemical safety of food (especially food additives and contaminants), food composition and labelling and general questions of risk assessment and management. It also oversees MAFF's food surveillance programme. In 1996 it advised on such matters as health claims for functional foods, contaminants in hydrolysed vegetable protein and methods for publicising surveillance results.

SPONGIFORM ENCEPHALOPATHY ADVISORY COMMITTEE (SEAC)

8 This Committee of expert scientists advises MAFF and DH on matters relating to spongiform encephalopathies, and, in particular, bovine spongiform encephalopathy (BSE) and Creutzfeld-Jakob Disease (CJD). It recommends the research that is needed and advises on the implications of the results.

VETERINARY PRODUCTS COMMITTEE (VPC)

9 The VPC is a scientific committee of independent experts which advises the Agriculture and Health Ministers on the safety, quality and efficacy of veterinary medicines under the Medicines Act 1968. It also promotes the collection and investigation of information relating to adverse reactions. A report of the Committee's work is published every year.

Annex 16: Public Bodies; Appointments made in Calendar Year 1996

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Advisory Committee on Microbiological Safety of Food				
Chairman	**Professor Douglas Lindley Georgala**	1/2/96	31/3/98	£104pm
Advisory Committee on Pesticides				
Deputy	**Professor Geoffrey Roger Sagar, CBE**	1/1/96	31/12/96	£165pm
Member	**Dr Colin A Soutar**	1/1/96	31/12/96	£131pm
Member	**Professor Paul Webster**	1/1/96	31/12/96	
Agricultural Dwelling House Advisory Committee – South Mercia Region				
Chairman	**Mr C Patrick Love**	1/6/96	31/12/98	£86pd
Chairman	**Mrs Joyce E Thomas**	1/6/96	31/12/98	
Agricultural Wages Board for England & Wales				
Chairman	**Professor John S Marsh CBE, MA**	1/8/96	31/7/99	£191pm
Member	**Mrs E Myra Hodgson**	1/8/96	31/7/99	£119pm
Member	**Mr Howard Hughes**	1/8/96	31/7/99	
Agricultural Wages Committee (Beds, Cambs, Essex and Herts.)				
Member	**Mr Edward Thomas Kirby**	1/1/96	31/12/97	£68pd
Agricultural Wages Committee (Berks, Hants, Isle of Wight and Oxfordshire)				
Member	**Mr James G Gillies**	8/1/96	13/1/97	£68pd
Agricultural Wages Committee (North Yorkshire)				
Member	**Mr Kenneth Graham**	12/2/96	31/12/97	£68pd
Agricultural Wages Committees (Humberside)				
Member	**Mr Derek Gardiner**	12/3/96	11/3/98	£68pd
Committee of Investigation for Great Britain				
Member	**Mr Denis G G Moloney LLB**	6/1/96	5/1/99	£119pd
Consultative Panel on Badgers and BovineTuberculosis				
Member	**Mr Hugh Black**	8/8/96	31/3/97	–

Annex 16: Public Bodies; Appointments made in Calendar Year 1996

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Consumer Panel				
Member	**Ms Susan Baker**	15/2/96	14/2/99	£131pm
Member	**Mrs Larisa Victorovna Lamont**	15/2/96	14/2/97	
Consumers Committee for Great Britain				
Member	**Mrs Dorothy Cockerell**	15/3/96	14/3/99	–
Member	**Mrs Barbara L M Hawkins**	5/6/96	4/6/99	–
Covent Garden Market Authority				
Member*	**Sir Peter John Hunt**	1/2/96	31/1/99	£6,820pa
Farm Animal Welfare Council				
Member	**Dr Michael Baxter**	1/1/96	31/12/98	£86pm
Member	**Mr Gareth Jones Lloyd**	16/4/96	31/12/98	
Member	**Professor John Peter McInerney OBE**	18/4/96	31/12/98	
Member	**Mr Francis Edward (Tanner) Shields OBE**	1/1/96	31/12/98	
Food Advisory Committee				
Member	**Dr Catherine Humphries**	1/11/96	31/10/99	£131pm
Food From Britain				
Chairman	**Mr Geoffrey Richards John CBE**	1/10/96	30/9/99	£38,755pa
Home Grown Cereals Authority				
Member	**Mr Noel Fredrick Bartram**	3/6/96	2/6/99	£3,400pa
Member	**Mr Philip Walter Chamberlain**	3/6/96	2/6/99	
Member	**Mr John Jeremy Thomas Dillon–Robinson OBE**	3/6/96	2/6/99	
Member	**Mr Patrick Albert Lake**	3/6/96	2/6/99	
Member	**Mr William Pringle Niven**	3/6/96	2/6/99	

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Horticultural Development Council				
Chairman*	Mrs Margaret Ann Charrington	1/8/96	31/7/99	£27,035
Member	Mr Charles Bransden	1/8/96	31/7/99	
Member	Mr Peter S L Brice	1/8/96	31/7/99	
Member	Mr Ernest John Evans	1/8/96	31/7/99	
Member	Mr Robert Gordon Hilborn	1/8/96	31/7/99	
Member	Mr Robert Trant Hillier	1/8/96	31/7/99	
Member	Mrs Margaret Evelyn Holmes	1/8/96	31/7/99	
Member	Mr Andrew John May	1/8/96	31/7/99	£40pd
Member	Mr Alec Samson	1/8/96	31/7/99	
Member	Mr Chris Sanders	1/8/96	31/7/99	
Member	Mrs Andrea Pamela Smith	1/8/96	31/7/99	
Member	Mr Bernard Brian Sparkes	1/8/96	31/7/99	
Member	Mr Roy Sydney Willingham	1/8/96	31/7/99	
Member	Mr Peter Richard Woad	1/8/96	31/7/99	
Marks Hall Estate – Thomas Phillips Price Trust				
Member	Professor Ernest Arthur Bell	1/4/96	31/3/01	–
Meat and Livestock Commission Consumers Committee				
Member	Mrs Gilli Davies	1/4/96	31/3/99	–
Member	Mrs Jean Varnam OBE JP	1/4/96	31/3/99	–
Meat Hygiene Appeals Tribunals				
Chairman	Mr Michael J Ware	21/7/96	20/7/99	£324pd
Deputy	Mrs Rosy Nasreen Mannion	21/7/96	20/7/99	£265pd
Member	Mr Alan Robert Barrett	21/7/96	20/7/99	
Member	Mr Alexander Thomas Clifford Bowles	21/7/96	20/7/99	
Member	Mr David S Collins	21/7/96	20/7/99	
Member	Mr George Brian Hewitt	21/7/96	20/7/99	
Member	Mr David M Hickman	21/7/96	31/12/96	
Member	Mrs Ethel Eileen James	15/10/96	19/7/99	£191pd
Member	Mrs Verona Jewitt	15/10/96	19/7/99	
Member	Dr Alexander M Johnston	21/7/96	20/7/99	
Member	Mr William J Reilly	21/7/96	20/7/99	
Member	Mr I Stewart	21/7/96	20/7/99	
Member	Mr J J Vernon	21/7/96	20/7/99	

Annex 16: Public Bodies; Appointments made in Calendar Year 1996

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Medicines Commission (DoH)				
Member	**Mr David J S Miller**	1/1/96	31/12/99	£160pm
National Institute of Agricultural Botany				
Member	**Professor C J Pollock**	1/1/96	31/12/98	–
Plant Varieties and Seeds Tribunal				
Member	**Mr C J Beynon**	1/4/96	31/3/99	£122pd
Member	**Professor G R Dickson**	1/10/96	30/9/99	
Member	**Professor G R Dixon**	1/10/96	30/9/99	
Member	**Mr John Fraser**	1/4/96	31/3/99	
Member	**Dr P D Jenkins**	1/4/96	31/3/99	
Member	**Mrs C M Knott**	1/4/96	31/3/99	
Member	**Mr P H Lamin**	1/4/96	31/3/99	
Member	**Dr P S Savill**	1/4/96	31/3/99	
Member	**Mr J A Steele**	1/4/96	31/3/99	
Member	**Mrs Sarah Ward**	1/4/96	31/3/99	
Member	**Professor D Wilson**	1/4/96	31/3/99	
Member	**Mr Albert Thomas Wood**	1/4/96	31/3/99	
Regional Flood Defence Committee (Northumbrian)				
Member	**Mrs Josephine Margaret Turnbull**	21/6/96	30/6/97	*
Regional Flood Defence Committee (South West)				
Chairman	**Mr Gerald Cyril Manning OBE**	1/4/96	30/6/97	*
Member	**Mr Michael John Stanbury**	1/4/96	30/6/97	*
Regional Panel (Anglia)				
Chairman	**Mr John Sale Wallace**	1/4/96	31/3/99	–
Member	**Mr Edward Andrew Davies**	1/4/96	31/3/99	–
Member	**Mr Derek Raymond Moore**	1/4/96	31/3/99	–
Member	**Mr Robert Torrance**	1/4/96	31/3/99	–
Regional Panel (East Midlands)				
Member	**Mr Charles Henry Dobson**	1/4/96	31/3/99	–
Member	**Mrs Joyce Gilman**	1/9/96	31/3/98	–
Member	**Mr Charles J Matts**	1/4/96	31/3/99	–
Member	**Dr Martin Francis Seabrook**	1/4/96	31/3/99	–
Member	**Mr Robin Southgate**	1/4/96	31/3/99	–

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Regional Panel (North East)				
Chairman	**Professor Roy Charles Ward**	19/6/96	31/3/98	–
Member	**Mr Richard Betton**	1/4/96	31/3/99	–
Member	**Mrs Dorothy U Fairburn**	1/4/96	31/3/99	–
Member	**Mr John Percival Stephenson**	1/4/96	31/3/99	–
Member	**Professor Roy Charles Ward**	1/4/96	18/9/96	–
Member	**Mrs Rosemary Wass**	1/4/96	31/3/99	–
Regional Panel (North Mercia)				
Member	**Mr John Michael Dugdale**	1/4/96	31/3/99	–
Regional Panel (Northern)				
Member	**Mr Jeremy Howson**	1/4/96	31/3/96	–
Member	**Mr Andrew Humphries**	1/4/96	31/3/99	–
Member	**Mr Peter W Lansdale**	1/4/96	31/3/99	–
Member	**Dr Roger S Smith**	1/4/96	31/3/99	–
Member	**Mr Richard Thornton**	1/4/96	31/3/99	–
Member	**Mr Andrew Walling**	1/4/96	31/3/99	–
Regional Panel (South East)				
Chairman	**Mr David Browning**	1/4/96	31/3/99	–
Member	**Mr Philip Walter Chamberlain**	1/4/96	31/3/99	–
Member	**Mr Ronald Thomas Holland**	1/4/96	31/3/99	–
Member	**Mr David Rees**	1/4/96	31/3/99	–
Regional Panel (South Mercia)				
Member	**Mr Harold Fraser Hart**	1/4/96	31/3/99	–
Member	**Mr James Hugh Marsden**	1/4/96	31/3/99	–
Member	**Mr William George Thomas Meadows**	1/4/96	31/3/99	–
Member	**Mr Richard Edward Poole Vines**	1/4/96	31/3/99	–
Regional Panel (South West)				
Chairman	**Mr Peter Lethbridge**	1/4/96	31/3/99	–
Member	**Mr Stephen George Best**	1/4/96	31/3/99	–
Member	**Miss Deborah Jean Clark**	1/4/96	31/3/99	–
Member	**Mr John Trevarthen French**	1/4/96	31/3/99	–

Annex 16: Public Bodies; Appointments made in Calendar Year 1996

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Regional Panel (Wessex)				
Member	**Mrs L Margaret Cook**	1/4/96	31/3/99	–
Member	**Mrs June Small**	1/4/96	31/3/99	–
Royal Botanic Gardens, Kew				
Trustee	**Mr Robert P Bauman**	19/7/96	18/7/98	–
Trustee	**Professor Michael John Crawley**	12/10/96	11/10/99	–
Trustee	**Professor John Parker**	12/10/96	11/10/99	–
Royal Veterinary College (Council of:)				
Member	**Professor Robert Frank Curtis**	1/1/96	31/12/99	–
Sea Fish Industry Authority				
Chairman	**Mr Eric Davey**	1/5/96	30/4/99	£24,345pa
Member	**Ms Mary Margaret Andrews**	1/11/96	30/9/99	
Member	**Mr Arthur Stirk Cook**	1/11/96	30/9/99	
Member	**Mr Cecil Thomas Finn**	1/11/96	30/9/99	
Member	**Professor Michael Haines**	1/11/96	30/9/99	
Member	**Mr John Kelly**	1/11/96	30/9/99	
Member	**Dr Jasper Parsons**	1/11/96	30/9/99	£6,820pa
Member	**Mr Andrew John Pepper**	1/11/96	30/9/99	
Member	**Mr Derek Reid**	1/11/96	30/9/99	
Member	**Mr James Slater MBE**	1/11/96	30/9/99	
Member	**Mr George H Traves**	1/11/96	30/9/99	
Member	**Mr Kenneth Watmough**	1/11/96	30/9/99	
Sea Fisheries Committee (Cornwall)				
Member	**Mr T Tomlinson**	30/9/96	30/6/97	–
Sea Fisheries Committee (North Eastern)				
Member	**Mr Dylan Silverwood**	17/4/96	30/6/97	–
Sea Fisheries Committee (Northumberland)				
Member	**Mr James Stephenson**	19/6/96	30/6/97	–

Annex 16: Public Bodies; Appointments made in Calendar Year 1996

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Sea Fisheries Committee (North Western and North Wales)				
Member	**Mr Leslie D Salisbury**	15/1/96	30/6/97	–
Spongiform Encephalopathy Advisory Committee				
Member	**Professor Jeffrey William Almond**	1/1/96	31/12/98	£131pm
Member	**Mr Raymond Bradley**	1/1/96	31/12/98	
Sugar Beet Research and Education Committee				
Member	**Dr David James Carmichael**	1/7/96	30/6/99	£155pm
Member	**Mr Hugh Roger Dyas**	1/7/96	30/6/99	
UK Register of Organic Food Standards (UKROFS)				
Chairman	**Professor Sir Colin Spedding CBE**	30/11/96	29/11/99	£132pd
Member	**Mrs Dorothy Ann Craig MBE JP**	30/11/96	29/11/99	£105pd
Member	**Mrs Jan E Deane**	30/11/96	29/11/99	
Member	**Mr Nigel Garbutt**	30/11/96	29/11/99	
Member	**Mr John Hassett**	30/11/96	29/11/99	
Member	**Mr Patrick Holden**	30/11/96	29/11/98	
Member	**Mr Roger Manley**	30/11/96	29/11/99	
Member	**Mr Charles Oliver Peers**	30/11/96	29/11/99	
Member	**Mr Lawrence Woodward**	30/11/96	29/11/99	
Veterinary Products Committee				
Chairman	**Professor Ian Douglas Aitken OBE**	1/4/96	31/12/99	£162pd
Member	**Professor Ian Douglas Aitken OBE**	1/1/96	31/3/96	£130pd
Member	**Dr David Nicholas Bateman**	1/1/96	31/12/99	
Member	**Professor Peter Martin Biggs CBE**	1/1/96	31/12/99	
Member	**Dr Arnold S Cooke**	1/1/96	31/12/99	
Member	**Professor George Gettinby**	1/1/96	31/12/99	
Member	**Professor Charles Anthony Hart**	1/4/96	31/12/99	
Member	**Dr Raymond John Heitzman**	1/1/96	31/12/99	
Member	**Professor Andrew Raymond Peters**	1/1/96	31/12/99	
Member	**Professor Randolph Harvey Richards**	1/1/96	31/12/99	
Member	**Mr David Skilton**	1/1/96	31/12/99	
Member	**Dr David Fergusson Wishart**	1/1/96	31/12/99	

Committee or Authority		Appointment Period		Remuneration
		From	Until	
Wine Standards Board of the Vintners Company				
Chairman	**Mr Peter John Purton**	1/4/96	31/3/99	£3,500pa
Member	**Mr Anthony Charles Foster**	1/4/96	31/3/99	£870pa
Member	**Mr Denys C Reed**	1/4/96	31/3/99	
Member	**Dr Arabella Thomasine Woodrow**	1/4/96	31/3/99	

Notes:

Details of remuneration and of any other payments made, are published in "Public Bodies 1996."

All payments marked 'pd' (per day) or 'pm' (per meeting) are paid for actual days worked or committee meetings.

Entries marked "–" receive expenses only.

*Regional Flood Defence Committees are statutory executive committees of the Environment Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA is accountable for expenditure.

RE3:01 – Environmentally Sensitive Areas

Staff time spent per ESA scheme application in 1995-96 was 5.57 days.

RE3:02 – Conservation, Habitat Scheme and Access

The amount of staff time per Habitat Scheme application (Water Fringe and ex-Five-Year Set-aside options only) in 1995-96 was 7.11 days.

RE3:03 – Farm Woodlands

The staff time per FWPS application in England in 1995-96 was 3.42 staff days.

RE3:04 – Countryside Management

The staff time per wildlife licence application in 1995-96 was 3.7 days.

CE1:02 – IACS

Farmers in England submitted 77,224 IACS applications by the 15 May deadline. 1996 targets for detailed administrative checks on at least 20% of applications and inspecting at least 5% of farms (including cases inspected via remote sensing) were met. Reports and statistics on the implementation of IACS were returned to the EU Commission on time.

CE1:03 – Arable Area Payments

Administration costs as a proportion of Arable Area Payments

Year	1994-95	1995-96	1996-97
Administration	0.6%	0.6%	0.8%

Increased administrative efficiency is always a goal, but no target has been given as the level of payments varies greatly from one year to the next distorting this indicator

98% of claims by value have been processed by the relevant EU deadline (target 96.15%).

CE1:11 – Oilseeds and other Arable Crops

The target of 96% of 1995 claims by value processed by the relevant EU deadlines for advance and final oilseeds and for main scheme payments was met.

CE1:13 – Alcohol and Alcoholic Drinks

The percentage of Export Certificates issued within the deadline was 100%. The percentage of enquiries to the Wine Standards Board from traders answered within the deadline was 100%

CE1:21 – Sheep

MAFF aims to keep the administrative cost of the Scheme as low as possible.

MAFF Administration costs as a percentage of programme expenditure

	1993-94	1994-95	1995-96	1996-97
Sheep Annual Premium Scheme	1.5%	2.0%	2.0%	2.5%

While MAFF's objective is to seek greater administrative efficiency, no target beyond 1996-97 is given, as the level of payments which make up the Programme costs can vary from one year to the next distorting this indicator

CE2:11 – Improved Marketing

The administration cost (including specialist technical advice) as a percentage of grant expenditure was 14.3p per £1 of grant awarded under the Marketing Development Scheme and 4.1p per £1 awarded under the Processing and Marketing Grant.

CE2:20 – Plant Varieties and Seeds

MAFF has set a target of a zero or less than zero percentage change in the average cost of:

a) seed certification (i) per lot
(ii) per hectare

b) obtaining and retaining plant variety protection for a period of 5 years.

c) adding and maintaining a variety on the National list for a period of 5 years

In 1996-97, there was no change in the average cost of a) or b). A 50% increase at c) was due to changed arrangements for the payment of trial fees as agreed with the industry.

CE2:34 – Fishery Management and Enforcement

The number of sightings by aerial surveillance was 8.7 per hour.

The number of boardings as part of surface surveillance was 1.53 per day.

On land, the number of logbook returns and landing declarations processed per Inspectorate member was 977.

CE2:41 – Land Use and Tenure

As an indicator of efficiency, the percentage of planning applications referred to MAFF that receive a full response within deadlines set by local planning authorities was measured for the first time in 1996-97. The initial results show that in the period April-December 1996 this figure was 87%.

IR1:01 – Audit

Performance would ideally be gauged by finding an indicator which measured the department's probity and financial regularity. At a lower level, it is possible to measure the Audit team's efficiency and effectiveness in two ways:

(a) Quantitatively: this includes the time taken to issue reports to auditees (target six weeks: 1996-97 achieved eight weeks) and the percentage of recommendations accepted (target 75%: 1996-97 achieved 95%)

(b) Qualitatively: through a Customer Satisfaction Questionnaire asking auditees to rate audit performance on quality of recommendations and usefulness of the audit (target rating 60%: 1996-97 achieved 73%). In addition, the internal audit unit is a member of an inter-departmental quality review group where peer reviews of conformance with standards are undertaken.

MAFF aims to keep the cost of audit to a minimum consistent with the need to provide an acceptable service. Constant reviews of procedures particularly the application of IT has allowed staff numbers to be reduced. Overall the cost of audit in 1996-97 was 0.07p per £ of MAFF gross expenditure (1995-96 was 0.07p per £ ; in 1994-95 0.08p per £).

IR1:02 – Legal Services

	1993-94	1994-95	1995-96	Estimated Outturn 1996-97
Number of Bills	1	1	0	0
% deadline met	100%	100%	n/a	n/a
Number of SIs	169	150	115	120
% deadline met	>90	>90	92.5	92.5

IR1:04 – Economics and Statistics

The following performance indicators address the objective of minimising the cost to MAFF and industry of maintaining and improving MAFF's statistical database.

Performance Indices in real terms 1994-1995 = 100

	1994-95	1995-96	1996-97	Estimated 1997-98	Target 1988-99	Target 1999-2000
Cost to MAFF						
– NFS	100	101	91*	85#	85	85
– FBS**	100	101	98	89	84	81
Cost to farmers of regular statistical surveys	100	85	80	70	65	65

* Fall due to re-tendering and the subsequent appointment of new contractors
\# Fall due to reduction in sample size
** Includes Special Studies

IR1:05 – Information Technology Services

	1996-97 Target	1996-97 Outturn
% of IS/IT projects completed to time and budget	90%	91.6%
% of central computer availability within the banded limits	98%	99.49

IR2:01 – Financial Planning and Control

For the financial year 1995-96 MAFF set a purchasing savings target of 5.5% (£7.2 million). Information to confirm that the performance measure has been met is still being collated. For the financial years 1996-97 and 1997-98 MAFF has set purchasing savings targets of 6% (£8.0 million) and 7% (£9.1 million) respectively.

IR2:02 – Staff Inspection and Consultancy

Performance would ideally be measured by an assessment which indicated at what level of resources the department would be running with maximum efficiency and effectiveness. At a lower level the efficiency of the Staff Inspectorate is measured.

(a) Quantitatively: This includes the number of reports issued to clients within the timescale agreed with clients (100% in 1995-96) and the amount of "direct" time devoted to assignment work (65% in 1995-96 against a target of 65% in line with good commercial practice); and

(b) Qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including timeliness of delivery and quality of advice. In 1995-96 a rating of 85% was achieved against a target of 60%.

RSC PERFORMANCE DATA (%) FOR FINANCIAL YEAR 1995-96 UNLESS OTHERWISE SPECIFIED

		Total[1]
Arable Area Payments Scheme[2]	Payments	98
Beef Special Premium Scheme[2]	Advance payments (1995)	99
	Balance payments (1995)	99
	Applications (1995)	99
	Claims (1995) CID Return	99
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Notes: [1] The total percentage has been calculated by setting the entire number of applications or claims cleared within the target time against the total number received

[2] The period covered is January to December 1996.

[3] The period covered is November 1995 to June 1996.

[4] Final payments made by 30 April 1996

GENERAL NOTE: The Agricultural Improvement Scheme Non-Plan claims, Agricultural and Horticultural Development Scheme claims and the Farm Diversification Grant Scheme applications have all been omitted from the table as the numbers involved are de minimis

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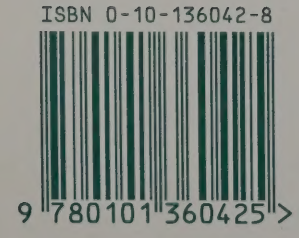
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